

To Norges Bank

Date: 8 April 2019

**Recommendation to exclude G4S PLC from the Government Pension Fund
Global (GPFG)**

Summary

The Council on Ethics recommends that G4S PLC (G4S) be excluded from investment by the Government Pension Fund Global (GPF) due to an unacceptable risk that the company is contributing to systematic human rights violations. G4S is a British company that provides security services in over 90 countries.

The Council has assessed the company's treatment of migrant workers in Qatar and the United Arab Emirates (the Emirates). In these countries, the company makes extensive use of migrant workers from India, Pakistan and Nepal, among others.

In the Gulf States, migrant workers are subject to regulations that link the employee's work permit to a specific employer. These regulations, along with the use of recruitment fees and misleading information about working conditions, have been condemned internationally as making migrant workers vulnerable to exploitation. Although the regulations have changed in the period the Council has been working on the case, workers in Qatar must still obtain their employer's consent to take a job with another company. G4S therefore operates within a regulatory framework that limits workers' freedom of action.

When assessing the migrant workers' situation, the Council attaches particular importance to the use of recruitment fees, misleading information about wages and working conditions and restrictions on workers' freedom of movement. These practices contravene the ILO's conventions on labour rights.

The Council on Ethics' investigations show that workers borrow money in their home countries to pay recruitment fees. Because of this debt, they have little opportunity to leave their jobs. The fact that many are misinformed about wages and working conditions (they may, for example, receive far lower wages than were agreed in their home countries) further limits workers' freedom of action. When the Council first investigated the company, workers in both the Emirates and Qatar also had their passports confiscated. This company practice was changed in Qatar between 2016 and 2018. The Council's investigations also revealed long working days, a lack of overtime payment and examples of workers being harassed.

In recent years, there has been a growing focus on the situation facing migrant workers in the Gulf, with particular emphasis on the risk relating to the use of recruitment fees. G4S has itself identified Qatar and the Emirates as countries where the risk of human rights abuses is high, and has implemented measures to improve the situation. For example, the company is in the process of setting a cap on recruitment fees in the Emirates. Nevertheless, the company has given no indications that it will stop the charging of recruitment fees. Nor has the company pointed to any measures to prevent misleading information being given about wages and working conditions. Furthermore, it does not allow its workers in Qatar to change employer.

The Council's assessment rests on the international understanding of recruitment fees as a particular risk factor for the exploitation of migrant workers. In conjunction with the widespread misinformation regarding wages and working conditions and restrictions on workers' freedom of movement, the Council finds that there is an unacceptable risk that the company is contributing to systematic human rights violations.

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1 Introduction

The Council on Ethics for the Government Pension Fund Global (GPF) has assessed the fund's investments in the company G4S PLC (G4S)¹ against the human rights criterion in the Guidelines for Observation and Exclusion from the GPF (ethical guidelines).² In this recommendation, the Council focuses on the situation facing migrant workers employed by the company's operations in Qatar and the United Arab Emirates (Emirates).

1.1 About the company

G4S is one of the world's largest providers of security services. The company operates in 90 countries and employs around 570,000 people.³

In Qatar, G4S operates through the franchisee G4S Qatar WLL (G4S Qatar). In its communications with the Council, G4S takes responsibility for G4S Qatar's activities with respect to human rights.⁴ In the Emirates, G4S operates through 12 associates and subsidiaries in which its shareholding varies from 24.5 per cent to 100 per cent.⁵ The company employs around 9,250 migrant workers in Qatar and 8,800 in the Emirates.⁶

At the close of 2018, the GPF owned 2.33 per cent of the shares in G4S, worth NOK 784 million.

1.2 Matters considered by the Council

The Council on Ethics has considered whether there is an unacceptable risk that G4S is contributing to or is itself responsible for serious or systematic violations of human rights in contravention of the GPF's ethical guidelines.

When assessing what the ethical guidelines mean by serious or systematic human rights violations, the Council relies on internationally recognised conventions and authoritative interpretations thereof. In this recommendation, the Council rests its assessment largely on labour rights standards adopted by the International Labour Organization (ILO). The Council has also found guidance in the ILO's General Principles and Operational Guidelines for Fair Recruitment.⁷ These principles build on ILO conventions, but are not legally binding.

In this case, the Council has attached particular importance to the use of recruitment fees, misleading information about wages and working conditions and restrictions on freedom of movement.

¹ Issuer ID: 9062336.

² Guidelines for Observation and Exclusion from the Government Pension Fund Global (GPF): http://etikkradet.no/files/2017/04/Etikkradet_Guidelines-eng_2017_web.pdf

³ G4S (2017), *Integrated Report*, p.10. Available from https://www.g4s.com/en-bh/-/media/g4s/global/files/annual-reports/integrated-report-extracts-2017/g4s_integrated_report_2017.ashx

⁴ G4S (14 January 2019), meeting with the Council on Ethics.

⁵ G4S (2017).

⁶ G4S (14 February 2019), letter to the Council on Ethics.

⁷ ILO (2016), *General principles and operational guidelines for fair recruitment*. Available from https://www.ilo.org/global/topics/fair-recruitment/WCMS_536755/lang--en/index.htm (last opened 7 March 2019).

The charging of recruitment fees, ie that job applicants must pay to obtain employment, violates the fundamental presumption that labour is not a commodity. This presumption is set out in the conventions that form the foundations of the ILO.⁸ Recruitment fees also contravene Article 7 of ILO convention 181 on private employment agencies and the ILO's principle No. 7 for fair recruitment, which states that no recruitment fees or related costs may be charged to the employee or job applicant. Migrant workers often borrow money to pay the recruitment fees, and can therefore be trapped in so-called "debt bondage", a situation in which they do not have any real possibility of terminating their employment relationship because they are in debt.

When migrant workers receive poorer wages and working conditions than those agreed in their home countries, this contravenes Annex I, Article 5 of ILO convention 97 on migration for employment, which states that working conditions must be specified in the contract. The contract must also be given to the employee before they depart from their home country. This also follows from the ILO's principles for fair recruitment Nos. 8, 9 and 10, which underline that the contract must have been entered into voluntarily and without deception.

The right to freedom of movement is enshrined in Article 13 of the Universal Declaration of Human Rights and Article 12 of the International Covenant on Civil and Political Rights. How this right applies to the situation facing workers is set out in further detail in the ILO's principles for fair recruitment. Principle No. 11 establishes that workers' right to travel and to cross national borders must be respected, and that workers' identity papers and contracts must not be confiscated. It further follows from principle No. 12 that workers must be able to terminate their employment relationship and that migrant workers must be able to return to their homelands without obtaining their employers' consent. Migrant workers must not have to obtain their employer's consent to change employers.

In addition to the fact that misinformation about working conditions, restrictions on freedom of movement and debt bondage contravene several conventions, the ILO has identified these elements as indicators of forced labour.⁹ The Council on Ethics has not considered whether forced labour has taken place in this case, but notes that the company's practice – in the worse cases – could place workers under constraint.

Although it is states and not companies that are bound by international human rights conventions, companies may contribute to human rights violations. This applies irrespective of whether the state in which the violations take place has ratified the conventions against which the case has been assessed.

With respect to a company's contribution to human rights violations, the Council requires there to be a direct link between the company's operations and the violations concerned. The company must actively have contributed to the norm violation or been aware of it without attempting to prevent it.

In this case, the Council on Ethics has considered whether there is an unacceptable risk that the company is contributing to *systematic* human rights violations. In connection with previous recommendations, the Council has taken the position that human rights violations are

⁸ Treaty of Versailles (1919), Article 427 and the Declaration of Philadelphia (1944), Article 1. See also ILO (November, 2018), *Findings from the global comparative study on the definition of recruitment fees and related costs*. Available from https://www.ilo.org/global/topics/labour-migration/events-training/WCMS_646693/lang--en/index.htm (last opened 6 March 2019).

⁹ ILO (2012) *Indicators of Forced Labour*. Available from https://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang--en/index.htm (last opened 19 March 2019).

systematic when the violations are significant in scope.¹⁰ Violations may be systematic if they are large in number, if various types of rights have been violated or violations take place in several of the company's entities. The Council takes the position that systematic violations are not isolated incidents, but constitute a pattern of behaviour. In previous recommendations, the Council has attached importance to whether it has been a planned practice on the part of the company to operate at the limits of or outside accepted norms.¹¹

Under the terms of the ethical guidelines, the norm violations must be ongoing, or there must be an unacceptable risk that violations will occur in the future. When considering the risk of new human rights violations, previous norm violations may give an indication of future patterns of behaviour. The Council attaches importance to how the company has responded when norm violations have previously been discovered, and what the company has done to prevent norm violations from reoccurring. In this assessment, the Council finds guidance in the UN Guiding Principles on Business and Human Rights, which established an expectation that companies will respect human rights, prevent the risk of their abuse and deal with any abuses that do occur.¹²

According to these principles, a company has a duty to comply with national laws and norms, even if they are not enforced by the governing authorities. It is expected that a company considers the actual and potential harm the business may do to those affected by it, and demonstrate that they have strategies and procedures in place to help prevent human rights violations. The company must also consider whether the measures it has implemented are effective and, if necessary, make changes to prevent abuses occurring once again. The Council on Ethics takes the position that it is up to the company to substantiate that its efforts to prevent human rights violations are adequate.

1.3 Sources

In this case, the Council on Ethics has made use of publicly available sources, including the UN and ILO. The recommendation also rests on studies of the situation facing migrant workers employed by G4S in Qatar and the Emirates that were commissioned by the Council itself. These studies were carried out in 2016, 2017 and 2018. In addition, the company itself has disclosed information about its guidelines and measures to prevent human rights violations. Meetings were held between the Council and the company in June 2017 and January 2019.

¹⁰ Council on Ethics (5 May 2017), Recommendation to exclude Hansae Yes24 Holdings Co. Ltd., p. 2. Available from <https://etikkradet.no/files/2017/06/Tilr%C3%A5dning-Hansae-5.-mai-2017-2.pdf> (last opened 7 March 2019).

¹¹ Council on Ethics (15 November 2005), Recommendation to exclude Wal-Mart Stores Inc., p. 21. Available from <https://etikkradet.no/files/2017/02/Tilr%C3%A5dning-WalMart.pdf> (last opened 7 March 2019).

¹² UN High Commission for Human Rights (2011), UN Guiding Principles for Business and Human Rights. Available from https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf (last opened 29 March 2019).

2 Background

2.1 Migrant workers in Qatar and the Emirates

Extensive commercial activity in the Gulf region has led to a huge demand for migrant workers. In both Qatar and the Emirates, migration is regulated such that the workers' employment and residence permits are tied to a specific employer. The regulations have been criticised for making the workers dependent on their employer and therefore vulnerable to exploitation.

Several UN agencies, including the ILO, have expressed grave concern about the situation facing migrant workers in the Gulf States. The ILO estimates that as many as 600,000 immigrants are the victims of forced labour in the region.¹³ The UN's special rapporteur on contemporary forms of slavery describes the situation in this way:

*“The fees charged by recruitment agencies for travel arrangements, labour contracts and other services trap migrant workers into bondage in their home countries. Consequently, migrant workers are often indebted upon arrival in the country of destination. Furthermore, practices such as the confiscation of passports, the non-payment, underpayment or delayed payment of wages, and contract substitution are considered to contribute to debt bondage.”*¹⁴

In June 2014, a complaint was filed with the ILO against Qatar for non-fulfilment of its obligations under the convention on forced labour. The complainants were representatives from labour unions in 12 countries. In consequence of the complaint, Qatar was given a year to reform its national legislation.¹⁵ In the meantime, Qatar had taken several steps to enhance workers' rights, and on the promise of further reforms and close cooperation with the ILO, the case was closed in 2017.¹⁶ The Emirates also made changes to their national regulations in 2016 to improve workers' rights.¹⁷

When assessing the situation for migrant workers in the Gulf, their particular vulnerability must be taken into account. The workers often find themselves in countries whose language they do not speak, far away from their families and social networks. The workers are often poor, and many borrow money to pay the fees charged by recruitment agencies. In 2013, the UN's special rapporteur on migration said:

“Migrants whose residence permit depends on the work contract are thus heavily dependent on their employer, and vulnerable to abuse. Those who are indebted due to recruitment fees

¹³ ILO, website: *Labour Migration*. Available from <https://www.ilo.org/beirut/areasofwork/labour-migration/lang--en/index.htm> (last opened 6 March 2019).

¹⁴ UN General Assembly (4 July 2016), Report from the UN Special Rapporteur on Contemporary Forms of Slavery, A/HRC/33/46, para. 29. Available from <https://undocs.org/A/HRC/33/46> (last opened 7 March 2019).

¹⁵ ILO Governing Body (17 March 2016), *Complaint concerning non-observance by Qatar of the Forced Labour Convention, 1930 (No. 29), and the Labour Inspection Convention, 1947 (No. 81), made by delegates to the 103rd Session (2014) of the International Labour Conference under article 26 of the ILO Constitution*. Available from: https://www.ilo.org/gb/GBSessions/GB326/WCMS_459148/lang--en/index.htm (last opened 7 March 2019).

¹⁶ ILO Governing Body (31 October 2017), *Complaint concerning non-observance by Qatar of the Forced Labour Convention, 1930 (No. 29), and the Labour Inspection Convention, 1947 (No. 81), made by delegates to the 103rd Session (2014) of the International Labour Conference under article 26 of the ILO Constitution*. Available from https://www.ilo.org/gb/GBSessions/GB331/ins/WCMS_586479/lang--en/index.htm (last opened 6 March 2019).

¹⁷ Human Rights Watch (2015), *UAE: A Move to Protect Migrant Workers*. Available from <https://www.hrw.org/news/2015/11/01/uae-move-protect-migrant-workers> (last opened 28 March 2019).

*are rendered even more vulnerable, as they will feel pressured to pay off their debt before they can return home.”*¹⁸

In addition to the around 18,000 migrant workers employed by G4S in Qatar and the Emirates, some 11,100 migrant workers are employed by the company in Saudi Arabia, which has a similar regulatory framework as its neighbours Qatar and the Emirates.¹⁹

2.2 The recruitment process

2.2.1 Recruitment fees

In recent years international attention has focused increasingly on recruitment fees as a risk factor for so-called “debt bondage”. This focus has led to several global initiatives calling for employers to be obliged to pay recruitment-related costs. Examples of such initiatives include the Leadership Group for Responsible Recruitment²⁰ and the Dhaka Principles for Migration with Dignity,²¹ including the Employer Pays Principle. The use of recruitment fees has also been raised by the UN Global Compact.²²

The ILO defines recruitment fees and related costs as “*any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection.*”²³ Various actors, both public and private, still make use of different definitions of recruitment fees and related costs.²⁴ A more detailed definition of recruitment fees and related costs was adopted by the ILO in 2019.²⁵

There seems to be international agreement that the use of recruitment fees places workers in a position that restricts their freedom of action, making them vulnerable to exploitation. The practice of charging workers recruitment fees is nevertheless widespread among agencies that recruit workers for the Gulf. In both Qatar and the Emirates, it is illegal to compel workers to

¹⁸ UN General Assembly (3 April 2014), Report from the UN Special Rapporteur on Migration, A/HRC/26/35, para. 38. Available from: <https://www.undocs.org/A/HRC/26/35> (last opened 6 March 2019).

¹⁹ G4S (14 February 2019), letter to the Council on Ethics.

²⁰ Institute for Human Rights and Business (2016), *The Leadership Group for Responsible Recruitment*. Available from <https://www.ihrb.org/employerpays/leadership-group-for-responsible-recruitment> (last opened 6 March 2019).

²¹ Institute for Human Rights and Business (2012), *The Dhaka Principles for Migration With Dignity*. Available from <https://www.ihrb.org/dhaka-principles/> (last opened 6 March 2019).

²² UN Global Compact (2015), *Eliminating Recruitment Fees Charged to Migrant Workers*. Available from https://www.unglobalcompact.org/docs/issues_doc/labour/tools_guidance_materials/labour-recruitment-fees.pdf (last opened 7 March 2019).

²³ ILO (2016), *General principles and operational guidelines for fair recruitment*.

²⁴ ILO (November. 2018), *Findings from the global comparative study on the definition of recruitment fees and related costs*. Available from: https://www.ilo.org/global/topics/labour-migration/events-training/WCMS_646693/lang--en/index.htm (last opened 6 March 2019).

²⁵ ILO (2019), *Second Supplementary Report: Report of the Meeting of Experts on Defining Recruitment Fees and Related Costs*. Available from https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_669783.pdf (last opened 7 April 2019).

pay for their recruitment.²⁶ However, this legislation does not apply in the home countries of the migrant workers. Nepal, India and Pakistan all allow recruitment fees to some extent.²⁷

2.2.2 Misinformation regarding wages and working conditions

Misinformation or deception relating to wages and working conditions is often referred to as “contract substitution”. The practice is widespread in the Gulf States and has been known to the international community for many years. For example, the ILO’s expert committee stated in 1999:

*“Contract substitution is the practice whereby, despite having signed an authorized contract prior to departure, upon arrival in the country of employment, the worker is issued with a new contract specifying lower conditions of work, pay and so on. Such a practice has been known to occur particularly in the Gulf States.”*²⁸

Another example of misinformation is that the real wages and working conditions are not the same as those specified in the contract. Misinformation may relate to pay rates, working hours, overtime payment and entitlement to sick leave. Migrant workers who have travelled to another country to work, and who take out loans to afford the recruitment fees, are extremely vulnerable to such changes because they have little or no real possibility of withdrawing from the employment relationship. Payment of a lower wage than originally promised makes it more difficult for the worker to pay back the loan by the agreed deadline, and the practice can lead workers to accept work that contravenes their right to safe and healthy working conditions.

2.3 Freedom of movement

National legislation in both Qatar and the Emirates does not allow the confiscation of workers’ identity papers without their consent.^{29, 30} However, the practice is widespread and can prevent the workers from leaving the country.

The regulations in Qatar and the Emirates ties the workers to a specific employer and makes the worker dependent on the employer’s consent in various situations. Up until 2018, migrant workers had to obtain their employer’s consent to leave Qatar and to change employers when

²⁶ Qatar, Act No. 14 of 2004 Labour Law, section 33, available from <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/67387/119186/F-1851656538/QAT67387%20Eng.pdf> (last opened 6 March 2019) and UAE, Labour Law of 1980, section 18. Available from https://www.moid.gov.ae/Laws/UAE_Labour_Law.pdf (last opened 6 March 2019).

²⁷ US State Department, Trafficking in Persons Report 2018, India – p. 225, Nepal – p. 319, Pakistan – p. 339. Available from <https://www.state.gov/documents/organization/282803.pdf> (last opened 5 March 2019).

²⁸ ILO (1999), *Report of the Committee of Experts on the Application of Conventions and Recommendations*, paragraph 144. Available from <https://www.ilo.org/public/english/standards/relm/ilc/ilc87/r3-1b3.htm> (last opened 12 March 2019).

²⁹ Qatar, Act No. 21 of 2015, *regulating the entry and exit of expatriates and their residence.*, section 8. Available from <https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/102231/123499/F-577602842/QAT102231%20Eng.pdf> (last opened 6 March 2019).

³⁰ UAE, Embassy of the UAE, Washington DC (2010), *Labor Rights in the United Arab Emirates* available from http://uae-embassy.org/sites/default/files/pdf/LH-Labor-factsheet_2010-03.pdf (last opened 28 March 2019).

their contracts expired. Qatar changed this legislation in 2018 and made it lawful for the majority of workers to leave the country without obtaining their employer's consent.³¹

Under the new regulations, workers can also change employers without consent when their contract expires or after a maximum of five years.³² Nevertheless, the workers must obtain their employer's consent to change employers during the contract period. Similar regulations apply in the Emirates, where workers can change employers under certain conditions.³³ Employers are also entitled to object to a worker's desire to leave the country.³⁴

3 The Council's investigations

The Council on Ethics commissioned a consultant to perform three studies in Qatar and the Emirates. The studies were carried out in 2016, 2017 and 2018, and build largely on interviews with migrant workers from Nepal, India and Pakistan who were employed by G4S.

3.1 The Council's studies in Qatar

The 2016 study encompassed 32 migrant workers from India and Nepal who were employed by G4S at various locations in Qatar. The 2018 study builds on interviews with 25 migrant workers from India and Nepal.

3.1.1 The recruitment process

The workers interviewed in 2016 said that G4S Qatar had been directly involved in the recruitment process both in India and Nepal. Several of the workers had met representatives of G4S Qatar at the office of the recruitment agency in their home country. In 2018, workers also said that company representatives took part in the recruitment process.

Recruitment fees

All the workers who took part in the 2016 study said that they had paid a fee to a recruitment agency to obtain work for G4S in Qatar. The workers had paid USD 600–1,800 and said that this was common practice for those working for G4S in Qatar. The workers had borrowed money in their home countries in order to pay the fees. Some of the workers from Nepal said that they had been instructed not to disclose that they had paid more than USD 90, which is

³¹ Qatar, Act No. 13 of 2018 amending the provision of Act No. 21 of 2015. Available from [https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/107340/132079/F620027197/QatarGB-Law%2013%20\(2018\)%20Ar%20Eng.revATfinal30Oct18.pdf](https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/107340/132079/F620027197/QatarGB-Law%2013%20(2018)%20Ar%20Eng.revATfinal30Oct18.pdf) (last opened 6 March 2019).

³² Qatar, Act No. 21 of 2015, section 21.

³³ UAE, Ministerial Decree No. 766 of 2015 *on Rules and Conditions for granting a permit to a worker for employment by a new employer*. Available from [https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/101783/122810/F695573065/Ministerial%20Decree%20\(766\)%20of%202015%20on%20Rules%20and%20Con.pdf](https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/101783/122810/F695573065/Ministerial%20Decree%20(766)%20of%202015%20on%20Rules%20and%20Con.pdf) (last opened 28 March 2019) and Resolution No. 1186 of 2010, *Rules and Conditions of Granting a New Work Permit to an Employee after Termination of the Work Relationship in Order to Move from One Establishment to Another*, section 2. Available from <http://ilo.org/dyn/natlex/docs/ELECTRONIC/106019/129818/F685826394/ARE106019%20Eng.pdf> (last opened 6 March 2019).

³⁴ UAE, Resolution No. 707 of 2006, *regarding the rules and procedures for non-citizens conducting business in the State*, section 9. Available from <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/106017/129816/F1478961465/ARE106017%20Eng.pdf> (last opened 12 March 2019).

the maximum amount permitted in that country. The 2018 study found that all the workers had paid recruitment fees; the majority had paid USD 600–1,450.

Misinformation about wages and working conditions

In 2016, the workers said that they had been misled about their wages and working hours. When they arrived in Qatar, they found that their wages were substantially lower than had been agreed in their home countries. The workers were promised a basic salary of USD 300–440. Instead, they received a basic salary of USD 130–170. The 2018 study also found that many workers were paid 15–30 per cent less than they had been promised.

In the 2016 study, workers said that they had been told they would be working 8 to 12 hours a day, six days a week. Instead, many of the workers work seven days a week, every week. Some of the workers said they sometimes had to work 12–16 hours a day, but that their overtime payments were cut. In the 2018 study, several of the workers said they had been promised an 8-hour day, but had to work 12 hours with no overtime supplement.

In the 2018 study, workers said they had been promised two-year contracts during the recruitment process, but when they arrived in Qatar they were asked to sign a five-year contract. Some workers said they felt pressurised into signing the contract and were threatened with deportation if they did not.

3.1.2 Freedom of movement

Confiscation of identity papers

In the 2016 study, none of the workers interviewed were in possession of their passports. The workers disclosed that the only time their passports were returned was when they were due to travel back to their home countries. In 2018, this practice seems to have changed, since all those interviewed had their passports with them.

Employer's consent

In the 2016 study, some of the workers said that they had never asked their employer for permission to travel out of the country or to change employers because they did not expect their employer to consent. Based on the experience of other workers, they considered it likely that they would lose their jobs if they asked for such consent. In the 2018 study, all the workers answered that their employer would not grant any request to change employers during the contract period.

3.1.3 Other matters

In the 2016 study, workers described how they were pressured to work despite being ill. They also said that they had their wages docked if they took time off work due to illness. The workers had not been made aware of any complaints mechanism that they could use.

3.2 The Council's studies in the Emirates

The study was conducted in 2017 and builds on interviews with 16 migrant workers employed by G4S at various locations in the Emirates. The workers came from India and Pakistan.

3.2.1 The recruitment process

All the workers interviewed had paid recruitment fees to obtain employment with G4S in the Emirates. The fees varied between USD 750 and USD 1,100 for Pakistani workers and between USD 600 and USD 1,800 for the Indian workers. The workers said that they had

been misled with respect to at least one of the agreed employment conditions, for example wages, overtime or accommodation.

3.2.2 Freedom of movement

None of the workers were in possession of their passports. They explained that their passports had been confiscated by representatives of G4S when they arrived in the country. Their passports were returned when the workers were due to travel home, for example on holiday, which they were granted every other year, or in an emergency. The workers felt that they could not ask for their passports back without risking sanctions and, at worst, losing their jobs.

3.2.3 Other matters

All the workers said it was difficult to get the company's consent to take leave in the event of serious illness or death in the family back home. According to the workers, it was up to management to decide whether they should be granted leave, and they would not automatically be granted leave in such situations.

At least ten of the workers said that they had experienced harassment from other G4S employees, mostly people in management positions. The harassment took the form of threats to impose financial penalties, including the docking of wages. Some of the workers had also seen others being harassed, and threats of dismissal or deportation were not uncommon.

None of the workers had heard of any complaints mechanism that they could use, and several said they feared being punished if they complained to their supervisors.

4 Information from the company

The Council on Ethics has engaged in extensive written communication with G4S from 2016 to 2019. In 2017, a teleconference was held with the company, and in 2019 a new meeting was held between the company and the Council. G4S has commented on two draft recommendations, and the company has shared a number of documents relating to its human rights compliance initiatives.

4.1 Guidelines and implementation

G4S has shared its guidelines for human rights and for migrant workers, as well as a number of other documents setting out procedures the company has established to prevent human right violations.³⁵ The company's Slavery and Human Trafficking Statement states that:

*“The employment of migrant labour is necessary in a number of G4S businesses where the availability of local labour is scarce. We recognise that in seeking better work opportunities and livelihoods for their families, migrant workers are often outside the legal protection of their countries of national origin which can make them vulnerable to abuse and exploitation.”*³⁶

³⁵ G4S (14 February 2019), letter to the Council on Ethics, “Group HR Policy - Migrant Workers”.

³⁶ G4S (2017), “Slavery and Human Trafficking Statement.” Available from https://www.g4s.com/-/media/g4s/corporate/files/csr/slavery_and_human_trafficking_statement_2_page_2017.ashx (last opened 6 March 2019).

The company measures human rights compliance by means of internal self-assessments, so-called Control Self-Assessments. The form used in these assessments does not contain any questions relating to labour rights.³⁷

The recruitment companies that work with G4S are bound by the company's Code of Conduct for Recruitment Agencies as Suppliers of Migrant Workers. In Qatar, it is G4S Qatar that selects the recruitment agencies used. The company has explained that the parent company has no knowledge of whether human rights compliance forms part of this process.³⁸

G4S has identified Qatar and the Emirates as countries where the risk of human rights violations is high.³⁹ In 2017, after the company had received the first draft of the Council on Ethics' recommendation, G4S carried out an internal audit in Qatar and found that further investigation was required in the areas of contracts, recruitment agencies, working hours, wages and workers' accommodation.⁴⁰ In the Emirates, the company considers that long working days is a challenge.

4.2 The recruitment process

G4S has disclosed that it is directly involved in the recruitment of migrant workers.⁴¹ First contact with job applicants is via a recruitment agency, but the company itself often carries out the final interviews and makes the decisions regarding job offers.

4.2.1 Recruitment fees

G4S's Code of Conduct states that recruitment agencies are not permitted to charge workers unreasonable fees for obtaining employment with the company. Furthermore, the workers must be asked to disclose how much they have paid when they arrive in the country where they will be working. The guidelines for migrant workers also state that the employment contract must disclose all the expenses the worker has incurred in connection with their recruitment.

In its initial communication with the Council on Ethics, G4S stated that it was not aware of any workers who had paid recruitment fees and that if such a practice were discovered cooperation with the recruitment agency concerned would be terminated.⁴²

In subsequent communications, the company has changed its position. The company has explained that its initial claim that workers did not pay recruitment fees was due to the unclear definition of "recruitment fees".⁴³ For example, in some countries, the company pays the worker's airfares, while in others the worker bears this cost themselves.

G4S now acknowledges that workers pay recruitment agencies to obtain work in both Qatar and the Emirates. At a meeting between the Council and the company in January 2019, the company stated that it does not itself pay the agencies that recruit workers for G4S in the workers' home countries. In March 2019, the company changed its position, and disclosed

³⁷ G4S (14 February 2019), letter to the Council on Ethics, *Human Rights Control Self-Assessment: 2018*.

³⁸ G4S (14 January 2019), meeting with the Council on Ethics.

³⁹ G4S (14 February 2019) letter to the Council on Ethics, *Human Rights Heatmap*.

⁴⁰ G4S (14 February 2019).

⁴¹ G4S (25 January 2017 and 24 July 2018), letter to the Council on Ethics.

⁴² G4S (25 January 2017).

⁴³ G4S (14 February 2019).

that G4S Qatar does in fact pay the recruitment agencies, but that they do not pay agencies in other countries.

The company has supplied different figures for how much workers must expect to pay. In January 2019, the company stated that workers from Nepal, India and Pakistan paid USD 825–1,100 to work in Qatar.⁴⁴ In February 2019, the company stated that Indian workers paid around USD 218, while those from Nepal paid around USD 377.⁴⁵ In March 2019, the company stated that in no cases do workers pay more than USD 1,000.⁴⁶

The company has stated that the fees workers must pay to work in the Emirates come to around USD 1,030–1,126 for those from India, USD 1,790–1,975 for those from Pakistan and USD 1,049–1,166 for those from Nepal.⁴⁷ In the Emirates, the company is in the process of signing new contracts with recruitment agencies, in which connection it will cap the fees workers must pay at USD 400. The company has also disclosed that workers pay recruitment fees for jobs in Kuwait and Saudi Arabia.

G4S has stated that it has no overview of the level of costs workers must pay. This is one of several reasons why it has decided to create the position of Migrant Workers Coordinator.⁴⁸

At its meeting with the Council in January 2019, G4S said it understood the issues relating to recruitment fees, but maintained that it would be unable to compete in the Gulf market if it had to meet the whole cost of staff recruitment.

4.2.2 Misinformation about wages and working conditions

According to G4S's guidelines to recruitment agencies with respect to migrant workers:

“Contracts of employment will be in such a format that applicants are able to fully understand the terms and conditions that will apply prior to signing. (...) Copies will be made available in both the employee's home country and then reviewed for consistency on arrival. Additions and changes to contracts of employment upon arrival which are less favourable to the employee are prohibited.”

The company has disclosed that it did not have the impression that workers have received different contracts or terms and conditions when they arrive in the Gulf, though it conceded that this was not something the company had actually investigated.⁴⁹ Conformance between the offer workers receive in their home country and the real terms and conditions they find on arrival is something the new Migrant Workers Coordinator will look more closely into.

When asked why some workers in 2018 had been required to sign contracts lasting five years rather than the two-year contracts agreed in their home countries, the company replied that the contract was entered into in the home country and not when the worker arrived in the Gulf.⁵⁰ In any case, the company believes that a five-year contract is better for all sides, because – unlike a two-year contract – it may be terminated by both the employer and the employee.

⁴⁴ G4S (14 January 2019).

⁴⁵ G4S (14 February 2019). “The costs include medical fees, food and accommodation related to recruitment process and labour department insurance.”

⁴⁶ G4S (8 March 2019), email to the Council on Ethics.

⁴⁷ G4S (14 January 2019). “The costs include Demand Letter, Document Attestation (PCC, Education Certificates, etc), Flights, Immigration fees and travel insurance, Projected costs for repatriation, Medical Assessment, Recruitment Fees, Advertising Costs, EMID – UAE”

⁴⁸ G4S (14 January 2019).

⁴⁹ G4S (14 January 2019).

⁵⁰ G4S (14 January 2019).

4.3 Freedom of movement

4.3.1 Retention of identify papers

G4S's guidelines for migrant workers state that unless it is required by law that the employer keeps passports, identity papers and work permits in their possession, the workers themselves must retain such documents. The company has disclosed that workers' passports have not been confiscated in Qatar since 2017.⁵¹ In the Emirates, passports are still kept by the employer with the consent of the workers. With effect from March 2019, the company will change this practice and workers will themselves have access to their passports in the Emirates as well.⁵²

4.3.2 Employer's consent

In 2017, G4S stated that it did not restrict its employees' freedom of movement, for example if the worker wished to return home or change to a new employer.⁵³ In March 2019, the company nevertheless stated that it does not permit workers in Qatar to change employers during the contract period.⁵⁴

According to the company's guidelines for migrant workers, workers may terminate their employment contract as long as they respect the termination deadline.

4.4 Other disclosures

G4S set up a complaints and reporting system called "Speak Out" in 2015. Workers have been informed of this. Since 2017, the company has received two complaints from workers in Qatar, which related to workers who had not received the necessary documents from the company. In the Emirates, the company has received 16 complaints, relating, among other things, to unfair wage deductions, days off and benefits.⁵⁵

5 The Council's assessment

The Council on Ethics has considered whether there is an unacceptable risk that G4S is contributing to systematic human rights violations in connection with the company's employment of migrant workers in Qatar and the Emirates. In its assessment, the Council has attached importance to recruitment fees, misleading information about contract terms and restrictions on workers' freedom of movement. The assessment rests on international standards for labour rights.

The Council's investigations show that all the migrant workers employed by G4S in Qatar and the Emirates pay recruitment fees. In some cases, the recruitment fees correspond to several months' salary. The workers borrow money to pay the fees. The Council attaches importance to the fact that the company itself confirms that workers pay recruitment fees and that it does not pay the recruitment agencies anything for their services in the Emirates. The Council also finds it substantiated that workers have been misled about the terms of their employment contracts. For example, workers have been paid less than the agreed sum.

⁵¹ G4S (9 June 2017), teleconference with the Council on Ethics.

⁵² G4S (14 January 2019).

⁵³ G4S (25 January 2017), letter to the Council on Ethics.

⁵⁴ G4S (8 March 2019), email to the Council on Ethics.

⁵⁵ G4S (14 January 2019).

Although working conditions are far worse than the workers first thought, they have little possibility of returning to their home countries because of the debts they have incurred.

Furthermore, workers are not permitted to change employers before their contract has expired, because this requires the consent of their original employer. In this connection, the Council notes a practice that was observed in the 2018 study in Qatar. Many of the workers were offered two-year contracts, but when they arrived in the Gulf, they were pressured into signing five-year contracts. The company has explained that five-year contracts are better for both employer and employee because they give both the opportunity to terminate the contract. For its part, the Council considers that the pressure to sign a five-year contract in practice resulted in the employees being bound to G4S for five years instead of two. The company has itself confirmed that it does not grant requests to change employers during the contract period. This means that workers can give notice to quit their jobs, but cannot go and work for another employer in Qatar.

At the same time, the Council notes that the situation with regard to freedom of movement seems somewhat better in 2019 than it was in 2016 and 2017, because the Qatari authorities now allow the majority of migrant workers to leave the country without obtaining their employer's consent and because employees are able to retain their passports in Qatar. Nevertheless, the Council attaches importance to the fact that the company, in practice, limits workers freedom of action, in part by providing misleading information about employment contract terms and by not permitting workers to change employers.

The Council on Ethics considers that the prevailing recruitment practices and restrictions on workers' freedom of movement, seen in light of the migrant workers' particular vulnerability, is a violation of human rights as expressed in ILO labour rights conventions. Although the Council has not taken a position on whether individual workers have been subject to forced labour in this case, it notes that the practices recorded in the studies correspond to the ILO's indicators for forced labour. The Council also notes other norm violations identified as indicators of forced labour, including long working days, a lack of overtime payment and cases of harassment and threats.

In this case, the Council finds that systematic human rights violations have taken place. Various types of norm violations were found to have occurred at different times and in different parts of the company's operations. The Council finds that the company has behaved in a manner which is at the limit of- or outside accepted norms, and that the norm violations constitute a pattern of behaviour. The Council attaches importance to the fact that the various norm violations also have a cumulative effect. For example, the money workers borrow is made more difficult to repay because their wages are lower than the sum agreed in their home countries. This, in turn, further restricts the workers' freedom of action.

Some of the norm violations in this case were not carried out by G4S, but by recruitment agencies which the company makes use of. The Council attaches no weight to this. The workers are employed by the company, and the company is actively involved in the recruitment process. As a result, there is a direct link between the company's operations and the norm violations, to which the Council considers the company itself has contributed.

The Council on Ethics also takes the view that the company has been aware of the situation, but has failed to implement effective countermeasures. In recent years, there has been a growing focus on the situation facing migrant workers in the Gulf, particularly with respect to forced labour. Internationally, the indicators for such exploitation have been the same as those practices exposed in this case, for example the ILO complaint filed against Qatar, which has led to major reforms in that country. The issue of recruitment fees in particular has been

raised by a number of international actors, such as the UN and ILO. G4S has itself identified migrant workers as vulnerable to exploitation, and points to Qatar and the Emirates as countries where the risk of human rights violations is high. In addition, the company's own internal audit in Qatar revealed deficiencies in the workers' situation. In this light, the Council expects the company to exercise particular care with respect to the situation for migrant workers.

When assessing the risk of future norm violations, the Council on Ethics attaches importance to the fact that the company has assessed the risk and implemented individual measures to improve the situation for its workers. For example, it no longer confiscates their passports in Qatar. The company will probably also change this practice in the Emirates with effect from March 2019. The company has also created a complaints mechanism that workers can use. However, the Council attaches more weight to the fact that the company does not seem to have followed up its own risk assessments and guidelines to improve the workers' situation. The company's knowledge of the recruitment fees workers must pay is poor, and it has not investigated the extent to which workers' actual wages and working conditions conform with what they were promised in their home countries. The fact that just two complaints were received in Qatar in 2017 seems to indicate that the company's complaints mechanism is not well known by or accessible to the workers, particularly given the challenges identified in the company's operations. Nor is internal control by means of the company's self-assessment form an appropriate method for uncovering labour rights violations. Although the company has decided to create a temporary Migrant Workers Coordinator position, it will hardly be sufficient to address the systematic and deep-rooted challenges in the company's operations in the Gulf.

G4S has around 18,000 migrant workers in Qatar and the Emirates. Norm violations could therefore affect a great many people. To this must be added the 11,100 migrant workers employed by G4S in Saudi Arabia, which has a similar regulatory framework as Qatar and the Emirates. The Council on Ethics therefore finds that there is still a major risk of norm violations leading to substantial restrictions on workers' ability to leave G4S's employ or change to a new employer. The Council attaches importance to the company's widespread and accepted practice of charging recruitment fees and to the fact that the company does not seem to have a system capable of preventing human rights violations in the recruitment of migrant workers. The Council therefore concludes that there is still an unacceptable risk that the company will contribute to systematic human rights violations.

6 Recommendation

The Council on Ethics recommends that G4S PLC be excluded from investment by the Government Pension Fund Global (GPF) due to an unacceptable risk that the company is contributing to systematic human rights violations.

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