



## **Holding the Corporation to Account?**

### **The *Reclaim Justice Network*, Shareholder Activism and the G4S AGM**

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## ACTIVIST CONTRIBUTION

### Holding the Corporation to Account? The *Reclaim Justice Network*, Shareholder Activism and the G4S AGM

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In 2014 a number of radical groups, including *War on Want* and *Reclaim Justice Network* bought a small number of shares in G4S. These shares were then redistributed to members in order to allow voices of challenge to be raised at the G4S AGM. But how successful have the interventions been? Can they be considered a success in terms of providing a moral and political platform influencing G4S policies and practices? Can the AGM of a multinational corporation ever be said to deliver democratic accountability? In this article we explain why 'shareholder activism' is an important means of 'speaking truth to power' and how members of the *Reclaim Justice Network* have attempted to turn the AGM into a space for dialogue questioning the sole pursuit of capitalist accumulation.

Since the early 1990s, the private and voluntary sectors in England and Wales have had increasing influence on the workings of the criminal process. Purporting to manage or deliver 'justice services', the marketisation and privatisation of prisons and the emergence of the 'prison industrial complex' has

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presented a number of significant challenges to penal critics, not least because billions of pounds are being made globally through the confinement of often vulnerable and impoverished people (Roberts, 2016). Whilst it is undoubtedly important to emphasise the immorality of private companies profiting from the exploitation of prisoners, concerns around prison privatisation take us much further than merely concerns about whether prisons should be run for profit or not. Prisons are places specifically designed to deliver human pain. The *raison d'être* of the prison is to deliberately inflict suffering, misery and hardship. When raising concerns about the operational practices and management of private prisons concerns must also be raised about the moral justification of the prison. The debate can never be just about the profits. We must probe much further than this.

Private companies who deliver punishment assume the *right to punish* on behalf of the government whose legitimacy is itself grounded in representing the will of the people. Yet the private companies running prisons are not and cannot be held directly to account by the general public. There are no direct mechanisms in place to scrutinise *how* private companies undertake their role on a day-to-day basis, nor are directors and chief executives open to public scrutiny and questioning in the same way as politicians. This deficit in accountability is significant in terms of investigating high profile scandals of private companies or “newsworthy” single incident failings to which they appear prone. Whilst journalists, lobby and pressure groups and academics can and have publically shamed private corporation failures, the problem is that there is no formal means by which to expose the daily operational practices or accounting of private sector prisons.

Private companies running prisons are organised around and motivated by the financial return on the money they have invested in the delivery of punishments. Their primary concern, therefore, is with financial stewardship. The orientation around financial concerns and the ‘bottom dollar’ means that there are no in-built *moral dimensions* or *moral checks and balances*. Indeed, even financial accountability may not be clear in annual reports and accounts for prisons in large multinational corporations which run a number of diverse businesses. It is true that private prisons, just like those in the public sector, are legally accountable, but prisons are notoriously ‘lawless institutions’ where ‘law and order’ are negotiated between frontline staff and prisoners, often through authoritarian means. Thus, the rule of law is insufficient alone to provide accountability. But perhaps the weakest area of accountability is the extent to which private prisons can be said to serve the interests of a democratic society.

Taking accountability of private providers of prison services beyond financial and legal accountability to that of *democratic accountability* requires a public forum where the managers of corporations can be directly questioned and confronted by members of the public. This democratic space, what Bauman (1999) referred to as an “agora” in light of the development of such spaces in Ancient Greece, allows for public debate and scrutiny and opportunities to encourage decision makers to justify their actions on the grounds of the normative principles of human rights and social justice (Scott, 2017a). This forum for democratic accountability can generate possibilities for decision-making that incorporate values and interests that may contradict, undermine or morally circumscribe the profit motive. In general, such opportunities are denied to citizens in relation to private companies. However, it is possible for shareholders, those with a vested interest in a private company, to challenge and question the way a private company conducts its business. This can, generally, be done through the forum of the company’s Annual General Meeting [AGM]. Whilst “shareholder scrutiny” is in no way a satisfactory alternative to “public scrutiny”, it is one means by which a privately run corporation can be asked to account for their actions. Of course the problem is that the AGM is a private space with access restricted to shareholders (including activist shareholders aiming to tell truth to power) only as opposed to an open and public space for all citizens. Yet possibilities for accountability remain.

For many privately run companies, all that is required to participate in an AGM is *one share* in the company. Confronted as we currently are regarding private prisons with a significant accountability deficit, one possible way of facilitating a more open space – an “agora” – is through participating in the AGM of corporations which run prison services. Over the last four years this is exactly what members of the *Reclaim Justice Network* have done at the G4S AGM as activist shareholders.

G4S has more than 600,000 employees working in 110 countries around the globe. Alongside other security services, G4S runs four private prisons in England and Wales. In recent years G4S has been subjected to scrutiny because of a number of high profile scandals and fiascos, including: the failure to deliver security for the 2012 London Olympic Games; the inhumane detention of Palestinian children in Israel; media exposure on *BBC Panorama* regarding the abusive treatment of children in secure training centres [STC’s] in England; and, major disturbances at HMP Birmingham in 2016 (Roberts, 2016). In 2014 a number of radical groups, including *War on Want* and *Reclaim Justice Network* bought a small number of shares in G4S. These shares were then redistributed

to members in order to allow voices of challenge to be raised at the G4S AGM. But how successful have the interventions been? Can they be considered a success in terms of providing a moral and political platform influencing G4S policies and practices? Can the AGM of a multinational corporation ever be said to deliver something along the lines of democratic accountability?

The first thing to note is the largely inhospitable environment of the G4S AGM for democratic, rational dialogue and debate. The atmosphere and space of the AGMs have not, at least since 2014, delivered on openness or a guarantee of personal security necessary for a genuinely democratic forum. In modern lingo, the AGM is not a 'safe space'. In a large room which was surrounded by security guards, the 2014 AGM descended into chaos when protestors interrupted the meeting at regular intervals and were forcibly dragged, kicking and screaming, out of the room (Scott, 2014). This forceful removal of protestors by G4S security guards also occurred in 2015 and 2016. Whilst this did not happen in 2017, the number of people attending the AGM was significantly smaller, perhaps due to concerns around safety. The protests in 2014 resulted in the AGM changing venue from the *ExCel* in central London to the much more downbeat *Holiday Inn* in Sutton, Greater London. Moreover, in 2017 there was increased technological security (including a full body scanner, like those at airports, on entrance to the venue). Clearly identifiable G4S members of staff outnumbered shareholders by quite some margin (Uncles, 2017). In order to intimidate and silence shareholders, security staff sat next to a number of shareholders, most notably those known to the board as protestors from previous AGMs - at least one protestor was 'sandwiched' between two burly security guards.

A second concern about the space of the G4S AGM is the limitations placed upon dialogue and the quality of the discussions taking place. Whilst between 10-12 members of the board sat at the front of the AGM at all four of the recent AGMs most of the dialogue has been monopolised by the chair John Connelly and the CEO Ashley Almanza (Scott, 2014; Phillips, 2014; Amey, 2015; Roberts, 2016; Uncles, 2017). The quality of the responses has ranged from the ridiculous to the embarrassing (protestors have laughed at responses or made public jokes in the AGM at the expense of the CEO) and hardly meet requirements of accountability. The minutes of the G4S AGM are not only difficult to acquire (and the recipient must pay a small charge for postage and printing) but they only cover the votes on the formal resolutions and not the questions asked. In response, this year the *Reclaim Justice Network* compiled its own AGM minutes in the format of an article for *Open Democracy* (Uncles, 2017). Further, the lack

of knowledge or commitment to openly and honestly answer shareholder questions has also characterised the dialogue over the last four years. The questions of shareholders have been ignored, in the main, and answers have been vague and sometimes irresponsibly inaccurate or unhelpful. In 2017, for example, a shareholder asked about the number of financial penalties G4S has paid because of breach of contract, to which the CEO responded that because of client confidentiality he was “not at liberty to disclose”, and suggest the shareholder “ask the client” (Uncles, 2017). In 2016 G4S made £296 million profit before tax (G4S, 2017a) but there continue to be scandals and a lack of transparency or accountability in its custodial services. The failure to have detailed minutes also makes it easier for the following AGM to sidestep previous commitments made.

A third concern regards the ease in which humanitarian principles underscoring accountability can be co-opted and their ability to critique neutralised by G4S. The language of human rights features strongly in the G4S social responsibility reports (G4S, 2016b; 2017b). The G4S 2015 *Annual Report and Accounts* emphasises the values underscoring the company as an “ethical organisation” (G4S, 2016a: 20) and the 2015 *Corporate Social Responsibility Report* [CSR] highlights the “G4S ethics code” (G4S, 2016b: 32) and its commitment to “an open approach to addressing human rights issues” (Ibid: 29). On page 20 of the 2015 CSR Report it is stated that “respect for human rights is core to the sustainable success of our [G4S] business and continue to be an important part of our risk assessment and mitigation process.” Yet the language of human rights means more than ‘business risks’ and should be understood as a commitment to legal covenants and ethical responsibilities. Most notably human rights entail the recognition of the inherent human dignity of other human beings and a culture of respect.

In the two hours of questions at the AGM in 2016 nearly every question focused on the failure of G4S to meet such human rights commitments. Following discussions with CEO Ashley Almanza and AGM Chair John Connelly after the conclusion of the 2016 AGM it was agreed that one shareholder should write to the board with further details of how G4S could become more rights compliant (Scott, 2016). Though it was proposed that G4S would benefit from an independent review drawing upon a range of external experts in the field of human rights and the formation of a new “Human Rights Committee” (Scott, 2016), no such commitments have yet been secured (G4S, 2016c, 2016d).

Although there is an appearance of willingness of at least the chair of the AGM to be transparent and accountable, such values are difficult to elicit in

tangible ways. Unsurprisingly questions have been raised about whether the AGM could ever provide a forum for genuine accountability. At the end of the 2017 AGM one shareholder expressed their disappointment with the lack of detailed direct answers provided to the shareholders' questions and suggested that this could be enhanced by more thorough and detailed *Annual Reports* (see for example G4S 2016a; 2016b). In scenes reminiscent of the previous year, the response of the chair was to ask the shareholder to write a letter requesting the kind of information that would satisfy this request regarding the enhancement of accountability (Scott, 2017b).

But it is not all doom and gloom. Though the above examples in some ways once again evidence how actual levels of transparency are low and not openly available to shareholders, there have been some small, but significant victories for accountability through *Reclaim Justice Network* shareholder activism at the G4S AGM. After four years of requests for data on self-harm of prisoners to be published in the Annual Reports, in 2017 for the first time G4S published details of all the prisoners who had died in their prisons in England and Wales (G4S, 2017b). G4S has also continued to talk about having a policy of "zero harm" (G4S, 2017b) for all of their services, although under questioning they were unable to provide specific policies in which this was being implement in their custodial services.

Following concerted protests from a range of activist groups at the G4S AGM's from 2014-2016, the company withdrew from its controversial delivery of child detention in Israel. Ironically whilst this one decision clearly indicates the real potential of the AGM to respond to the calls of shareholders, in now means that the only protest group still attending the G4S AGM is the *Reclaim Justice Network*. Whilst accountability through shareholder advocacy is not a satisfactory proxy for public scrutiny or democratic accountability, it is perhaps one of the few means by which conscientious members of the public can have their concerns about the running of our prisons by private companies heard and taken seriously. The AGM can, when there are sufficient numbers of organised 'activist shareholders' present, place the company under pressure and provide a platform not only for moral and political critique but also directly influence G4S policies and practice. Though it is not without its limitations, the shareholder activism can provide a means of creating a limited version of a 21st Century agora that can be part of the wider struggle to challenge the dehumanising and sometimes deadly pursuit of profit. This is *not* the time for activists to disengage with G4S or other corporation's AGMs. What we need is greater scrutiny of penal practices through informed, penetrating and extensive

activist questioning in the agora of the corporation. Whilst shareholder activism cannot provide a replacement for genuine democratic accountability, public and activist voices must seek to penetrate where they can, given that private corporations are continuing to be entrusted with serving our so-called democratic interests.

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