



Ministry of Foreign Affairs

2017 Annual Report of the Government of the Netherlands on the  
Voluntary Principles on Security and Human Rights of the Voluntary  
Principles Initiative

February 2018

## **A. Commitment to the Voluntary Principles**

### ***Commitment to the Rules of the VPI***

The government of the Netherlands is firmly committed to and seeks to strengthen the Voluntary Principles on Security and Human Rights (VPs). The Netherlands joined the multi-stakeholder Voluntary Principles Initiative (VPI) shortly after it was established in 2000 and endorses its mission, which is to provide guidance to extractive industries on maintaining the safety of their personnel and the security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms. The VPI is closely in line with the Netherlands' National Action Plan on Business and Human Rights (NAP), which was issued in 2013<sup>1</sup> and has since been implemented. For an overview of the steps taken in the field of business and human rights, please see the Dutch government's Human Rights Reports for 2016.<sup>2</sup>

The National Action Plan sets out five main points: (1) An active role for the government; (2) Policy coherence; (3) Clarifying due diligence; (4) Transparency and reporting; and (5) Scope for remedy. The plan also provides several criteria the Dutch government has developed to facilitate the effective implementation of the OECD Guidelines for Multinational Enterprises (OECD Guidelines) and the UN Guiding Principles on Business and Human Rights (UNGPs). One of the main criteria is the need for a multi-stakeholder approach. As the VPI is a multi-stakeholder initiative, it is fully in line with Dutch policy in this area. The Netherlands will continue to support the VPI and the Voluntary Principles Association (VPA), and will remain actively committed to strengthening the VPs.

### ***Engagement in the VPI & Transparency and Dialogue***

In 2016, the Netherlands joined the VPI Steering Committee and the implementation working group, which is meant to support the implementation of the three pilot projects launched in 2017. In March 2017, the Netherlands succeeded Canada as chair of the VPI. During its term as chair, the Netherlands focused on: (1) VP implementation through the three in-country pilot working groups (ICPWGs), (2) tackling VPA governance issues and (3) information sharing.

With regard to VP implementation, the Netherlands took part in all calls related to the pilot groups and has been actively pressing to get the pilot groups off the ground. The

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<sup>1</sup> <https://business-humanrights.org/sites/default/files/documents/netherlands-national-action-plan.pdf>.

<sup>2</sup> <https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/rapporten/2017/05/17/mensenrechtenrapportage-2016/Mensenrechtenrapportage+2016+Engelse+versie.pdf>.

Netherlands also initiated a visit to Nigeria, in close cooperation with the ICPWG, to support the working group there and foster local outreach on the VPs. A preparatory visit took place in November, when the Dutch team spoke with Nigerian government officials, VPI signatories and other related organisations. Netherlands-based officials also joined an ICPWG session in Ghana in November 2017 to learn more about local VP implementation. In addition, the Netherlands has provided financial support to the ICPWG sessions in Peru and has stated its willingness to support other ICPWGs financially.

Besides implementation on the ground, the Netherlands used its role as chair to tackle some governance issues within the VPI and VPA. In this connection, the Netherlands hosted a retreat for the Steering Committee in May 2017. One important outcome of the event was a more equal division of the workload between the pillars; the corporate pillar, rather than the government chair, will now organise the Annual Plenary Meetings. In addition, five priority areas were chosen for 2017-2018: offshore, vetting, training, risk assessments and MOUs.

Another issue the Dutch chair addressed concerned the VPI and VPA secretariat. At a second retreat, arranged by the Dutch chair in October 2017, a working group was established to draft a request for proposals for a secretariat. The next step will be taken under the leadership of the next chair, the United Kingdom. The Steering Committee also agreed at this second retreat on a new dues structure and took the first steps toward opening the initiative up to sectors other than oil and gas.

The third focus of the Netherlands' term as chair was on information sharing. Through newsletters and regular updates, the government of the Netherlands involved VP signatories and non-signatories alike in developments concerning the VPI. In these newsletters, new participants were asked to briefly introduce themselves. Other updates covered in-country developments and interesting events related to the VPs and responsible mineral sourcing. Newsletters also provided overviews of upcoming calls involving pillars, working groups and the Steering Committee. The newsletters were conceived as a way of improving communication and enhancing the level of engagement among participants. Given the positive reactions that have been received and the responses to questions included in the newsletter, this approach has proven successful.

During the Netherlands' term as chair, a draft note was drawn up for a panel discussion at the Annual General Meeting of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (16-20 October 2017 at the Palais des Nations in

Geneva). The theme of the 2017 meeting was Managing Artisanal and Small-scale Mining (ASM). One of the security and human rights risks that VPI members face is linked to this theme. The fact that ASM often takes place near large-scale mining (LSM) operations poses numerous risks to the health and safety of workers and security guards, as well as causing tensions with local communities. Confrontations between small-scale miners and large-scale mining organisations generally take place when artisanal or small-scale miners illegally enter official mining concessions and mine on these sites. Here the VPs can help. The key objective of this panel discussion was to improve stakeholders' understanding of the VPs, their applicability to ASM issues, and the specific tools VPI members use to implement the Principles.

## **B. Policies, procedures, and related activities**

### ***Rule of Law & Verification and Accountability***

Business and human rights is a priority of the human rights policy of the Dutch Ministry of Foreign Affairs. The UNGPs advise businesses to apply due diligence to their production and supply chains and processes. The Dutch government commissioned a due diligence study to identify industries whose supply chains potentially pose heightened risks for human and labour rights and environmental protection.<sup>3</sup> The study identified 13 priority sectors, a diverse list that includes the construction, metals, electronics, oil and gas and other energy industries. The analysis took account of a broad range of risks, including issues related to mining. These include child labour, excessive working hours, health hazards and land grabbing.

The government is in dialogue with these business sectors and their stakeholders in the Netherlands with a view to agreeing ways to reduce potential risks in their supply chains. Agreements between businesses, government, NGOs and labour unions are laid down in voluntary agreements on international responsible business conduct. Under such 'IRBC agreements' businesses can take measures in accordance with their corporate social responsibility, and in line with the OECD Guidelines and the UNGPs. In 2017 the Dutch government launched a website on the Dutch IRBC agreements.<sup>4</sup>

In 2016, IRBC agreements were concluded in the garments & textile and banking sectors. In 2017, the gold, green protein and sustainable forestry sectors followed. The IRBC agreement on sustainable gold<sup>5</sup> aims to deliver substantial improvements for stakeholders that may currently be experiencing negative effects. It is a joint initiative of

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<sup>3</sup> <http://www.kpmg.com/nl/en/issues-and-insights/articlespublications/pages/csr-sector-risk-assessment.aspx>.

<sup>4</sup> [https://www.imvoconvenanten.nl/?sc\\_lang=en](https://www.imvoconvenanten.nl/?sc_lang=en).

<sup>5</sup> [https://www.internationalrbc.org/gold?sc\\_lang=en](https://www.internationalrbc.org/gold?sc_lang=en).

the trade associations for jewellers, goldsmiths and gold wholesalers (representing more than a thousand jewellers and goldsmiths), individual companies (including companies in the jewellery industry, the recycling sector, the electronics industry and the mining sector), NGOs, the Netherlands Trade Union Confederation FNV and the Dutch government. Given the importance of the VPs and the Extractive Industries Transparency Initiative (EITI), both are mentioned in the agreement, and the parties agree that they will conduct outreach every year on both initiatives. Supported by the other parties, the government commits to encouraging gold-producing countries to accede to the EITI and the VPI, by reaching out to two countries each year, and to taking an active role on their boards itself in 2017 and 2018.

Agreements in other sectors related to extractive industries (metals, natural stone and sustainable energy) are currently under negotiation. Another agreement that is relevant to the VPs is the Voluntary Agreement on Coal. The Dutch government and utilities (Vattenfall/Nuon, RWE/Essent, Uniper and ENGIE) are working together to improve and strengthen the coal supply chain. In this process, all the links in the chain are equally important, from mining and transport to trade, processing and ultimately the use of coal in power plants. The partners' common goal is to identify room for improvement in social and environmental areas, and to address these jointly and with other stakeholders.

The global non-profit initiative Bettercoal plays a key role in this agreement. A group of major European utilities established Bettercoal to promote continuous improvement of corporate social responsibility practice in the coal supply chain. Bettercoal's vision is a supply chain that respects human rights and the environment and contributes positively to the lives and livelihoods of workers, producers and communities. Both the Dutch Voluntary Agreement on Coal and the Bettercoal Code make reference to the Voluntary Principles on Security and Human Rights. For example the Dutch Voluntary Agreement on Coal requires the government to encourage other countries where safety risks exist in extractive industries to familiarise themselves with the VPs and to encourage them to join.

A related development is the publication of the EU Conflict Minerals Regulation, proposed by the European Commission in March 2014. On 15 June 2016, the European Commission, the European Parliament and the Council of the European Union reached a political understanding on a framework for the EU Regulation on trade in tin, tungsten, tantalum and gold. These minerals are typically used in everyday products such as mobile phones, cars and jewellery. During the Slovak EU Presidency, which ran from July to December 2016, legislation based on the framework was drafted and adopted. This

Conflict Minerals Regulation entered into force in the spring of 2017. It obliges EU importers (including smelters and refiners) to perform due diligence checks in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, with the aim of curbing the use of trade in conflict minerals to finance armed groups, conflicts and human rights abuses. The Regulation covers the vast majority of metals and minerals imported to the EU, while exempting small volume importers from these obligations. As a supplementary measure, the Dutch government proposed a European Partnership for Responsible Minerals. On 12 May 2016, several EU member states, the European Commission, and various businesses and NGOs announced the launch of this initiative.<sup>6</sup>

The Dutch EU Presidency in the first half of 2016 put responsible business conduct high on its agenda, and invested in efforts to make global value chains more sustainable. To follow up on these efforts, in 2017 the Dutch government embarked on a new initiative, drafting a joint paper with like-minded states Finland, France, Denmark and Sweden. The paper, which was sent to EU Commissioner Frans Timmermans, urged a common European CSR strategy.

### **C. Promotion and implementation**

The global network of embassies is key for implementing the VPs. The Dutch Ministry of Foreign Affairs has worked on a number of occasions with Dutch diplomatic missions in priority countries to identify the best ways to promote the VPs. Where appropriate, it has asked missions to engage with local VP participants, host country governments and other stakeholders on outreach and on-the-ground coordination. Since the selection of the pilot countries, the Ministry has engaged actively with the Dutch missions in these countries, together with the embassies in priority countries where the Netherlands is actively involved in government-to-government outreach (Nigeria and South Africa). The Ministry has also produced Q&As on the VPs and the VPI.

#### ***Efforts as lead government in VP priority countries***

The Netherlands undertook additional efforts in the VP priority countries where it is actively involved in government-to-government outreach.

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<sup>6</sup> <https://english.eu2016.nl/binaries/eu2016-en/documents/press-releases/2016/05/13/innovative-european-partnership-to-stimulate-responsible-mineral-trade/innovative-european-partnership-to-stimulate-responsible-mineral-trade.pdf>.

*Nigeria*

In 2017, Nigeria continued to struggle with its financial obligations and foreign debt. The country is experiencing serious financial hardship as a result of inflation. A lack of affordable foreign currency makes it very difficult for extractive industries (oil, gas and solid minerals) to purchase abroad the materials needed to keep their operations running. The ongoing civil unrest in the Niger Delta region and the fall in the price of oil have caused an alarming downturn in the economy, and there has also been an upsurge in pipeline vandalism. Feeling the brunt of these developments, the international oil companies are currently downsizing or selling off their assets in Nigeria and starting to focus on offshore operations. Kidnappings have also increased, especially in the locations where extractive industry companies operate; this too is causing companies to withdraw from those areas.

In 2017, the Dutch embassy continued actively advocating for the VPI. The Nigerian ICPWG has been installed, and the Dutch embassy attended the three Working Group sessions held in 2017. Moreover, the Dutch embassy arranged bilateral meetings with various Nigerian government ministries. Through these meetings, the Dutch embassy re-established links with the Nigerian Ministry of Foreign Affairs. In November 2017 the Dutch VP team from The Hague visited Nigeria to prepare for the multi-stakeholder visit in February 2018. The Dutch team met with Nigerian VP signatories, the Ministry of Petroleum and the Ministry of Justice to discuss the upcoming visit and the VPI in general. In addition, in December 2017 the Dutch ambassador hosted an event for the ambassadors of the VP signatory countries in preparation for the February 2018 visit.

Besides taking the lead in organising the multi-stakeholder visit in February 2018, and other activities of its own staff, the Dutch embassy in Nigeria provided funding for activities undertaken by other VPI signatories.

*South Africa*

In February, the Dutch embassy spoke with consultant Manon Wolfkamp, who is creating an EU-financed strategy on business and human rights for the AU. In February, there was also a meeting with the head of the economic department of the embassy to discuss input on business and human rights for their internal training academy. In October, Dutch embassy staff attended an ActionAid conference on the AU's African Mining Vision and participated in a session on business and human rights. This included a debate about the relative merits of the VPI and of a binding treaty, of which South Africa has been one of the two main advocates.

The Dutch embassy has actively followed South Africa's role in moving towards a binding treaty on business and human rights. In November, as part of an influential visitors programme (IVP), a South African delegation visited stakeholders in the coal supply chain in the Netherlands. The delegation consisted of representatives of the South African government (the department of Water and Sanitation and the Department of Mineral Resources), mining companies (Canyon Coal, Glencore and the South African Chamber of Mines), civil society organisations (ActionAid) and the two largest trade unions (AMCU and NUM). During this mission, the Shift Project hosted a session explaining and discussing the foundations of the UNGP 'protect, respect, remedy' framework and due diligence. The IVP is a result of the Dutch Voluntary Agreement on Coal that the Dutch government signed together with Dutch energy and related companies.

### *Colombia*

The Dutch embassy in Bogota was a board member of the Mining and Energy Committee on Security and Human Rights (CME) throughout 2017. This platform unites the private sector, the Colombian government and several NGOs in the mining and energy sectors for the purpose of promoting and upholding international standards and guidelines on corporate social responsibility. CME focuses particularly on companies' role in human rights and security. The VPs and their implementation are a major theme of CME's outreach programme.

Other efforts related to extractive industries in Colombia include a follow-up project of the Sector-Wide Impact Assessment (SWIA), published in autumn 2016 by the Centro Regional de Empresas y Emprendimientos Responsables (CREER), an affiliate of the Institute for Human Rights and Business (IHRB), which received financial support from the embassy. The SWIA identifies the effects of mining on the territories where it takes place, and defines the challenges facing the state, businesses and communities in mitigating these effects. The embassy is financing a project carried out by CREER on conflict resolution and mediation in the Cesar region.

### *Peru*

In 2017, the Dutch embassy in Peru played an active role in the VP working group at two levels:

(1) As a member of the 'driving group'. Its main role was promoting and supporting the group's strategic actions, focusing on three goals:

1. Put the VP on the agendas of key stakeholders in the Peruvian government (ministries, parliamentary committees and political leaders) to support decision-making that will lead to Peru's joining the VPI:
  - In connection with Peru's ambition to join the OECD, the embassy coordinated a visit to Peru by Prof. Roel Nieuwenkamp, chair of the Working Party on Responsible Business Conduct. In this way, the embassy highlighted the value of the VPs and related tools in preventing conflict and safeguarding human rights in extractive industries, in accordance with the OECD Guidelines.
  - In cooperation with the embassies of Switzerland, the United Kingdom, the United States and Canada, the embassy arranged diplomatic meetings at the highest level to facilitate consensus among ministerial actors about the VPs' significance for Peru.
2. Expand the number of members of the pillars (private actors, civil society and government):
  - The embassy achieved VPI observer status for the National Confederation of Private Business Associations (CONFIEP), composed of several trade associations including the National Society of Mining, Petroleum and Energy.
  - The embassy facilitated Prof. Nieuwenkamp's participation as a speaker at PERUMIN 33, the leading mining convention in Latin America. This year, the National Society of Mining, Petroleum and Energy joined forces with Newmont Mining to arrange a joint seminar on business and human rights in which the VPs were one of the main topics. Dutch Ambassador Wiebe de Boer participated as a panellist at this event.
  - The embassy also supported the inclusion of two new members in the civil society pillar: ProDiálogo and the Instituto de Defensa Legal (IDL). Currently, the embassy is making contact with other NGOs that have reservations about Peru's adherence to the VP: Broederlijk Delen, CooperAcción, Derechos sin Fronteras and Amnesty International.
3. Promote commitments by the members and the sustainability and autonomy of the working group.
  - The embassy developed an action plan for 2018 with equal levels of financial support from the different pillars (represented on the steering committee).

(2) As a participant in the plenary meetings. In this role, the embassy's main aim was to ensure open, transparent and respectful dialogue among members and guests of the

three pillars on controversial issues such as agreements between National Police and private companies, or the use of force by private companies during conflicts between extractive companies and communities. The embassy hosted two of the five events organised over the course of the year.

#### *Ghana*

In 2017, the Ghana ICPWG was established and the Dutch embassy attended all three Working Group sessions held so far. In addition, in November 2017 the Dutch VP team from The Hague undertook a mission to Ghana. The Dutch embassy held bilateral meetings with various ministries of the Ghanaian government and other VP signatories. The embassy also provided additional funding and helped the Working Group chair raise the funds needed for 2018.

#### *Democratic Republic of the Congo*

The VP working group in Kinshasa was established in 2012 with the aim of promoting the VPs in the DRC. The Dutch government is involved in this group through its mission. The VP Members' Group in Kinshasa (under Swiss chairmanship) commissioned International Alert to provide two days of tailored training (one day in Goma and one day in Lubumbashi) on ways of implementing the VPs in the context of industrial mining. This initiative was a response to a specific request for support by mining companies. The Dutch government co-financed these training courses. Participants were stakeholders from the private and public sectors and civil society. The training materials and toolkit recently developed by DCAF/ICRC were adapted to fit the specific situation. Case studies of past mining experiences in Katanga and the Kivus gave participants concrete examples of how to apply the VPs and address security and human rights challenges in complex environments. Working in collaboration with the International Organization for Migration (IOM), the VP Group gave an additional day of training on security and human rights issues that affect communities living in artisanal or semi-industrial areas in South and North Kivu.

The ultimate goal of this training was to provide participants – first and foremost the private sector – with the skills, tools and knowledge to implement the VPs and reduce security and human rights risks in areas affected by mining (whether industrial or artisanal). These sessions are also meant to raise awareness of the Voluntary Principles Initiative among those participants who are not yet members. In the longer term, the workshops should reinforce the implementation and uptake of the VPs in the DRC and ultimately benefit communities living in the country's mineral-rich regions.

**D. Lessons and issues**

During its term as chair, the Netherlands has focused mainly on the effective implementation of the VPI. The main issue, raised several times by the Dutch government, is continuity in in-county implementation. In order for the ICPWGs to get off the ground, function well, and be genuinely effective, they need both funding and commitment. At present there is no structural funding mechanism, and this makes the ICPWGs vulnerable. If the VPI is to continue using the ICPWG model for on-the-ground implementation, this issue needs to be resolved.