CORPORATE PILLAR VERIFICATION FRAMEWORK

Background

The extractive sector often operates in countries or areas of elevated security risk and faces the difficult challenge of how to safeguard company personnel and property in a way that respects human rights and the security of local communities. In December 2000, the United States and United Kingdom governments, along with a group of extractive companies and non-governmental organizations, agreed on a set of principles, known as the Voluntary Principles on Security and Human Rights ("Voluntary Principles"), to guide companies on security and human rights. The Voluntary Principles provide an outline of actions companies should take to assess risks and implement public and private security measures in a manner that respects human rights. This document outlines the roles and obligations of Participants that are accountable for implementing and managing the Voluntary Principles.

Accountability Framework

The Accountability framework within the Voluntary Principles Initiative consists of:
1. A formal participation criteria (Mandatory)
2. A formal reporting criteria (Mandatory)
3. Written annual report (Mandatory)
4. Internal complaints/grievance mechanism mediated by the Secretariat
5. Verification framework for verifying that a Participant is meeting their responsibilities
6. Public report prepared annually by the Secretariat (Mandatory)

Verification Process

Key Performance Indicators

Verification within the Voluntary Principles Initiative has been defined as "have a credible process to verify fulfillment, by all Participants, of their Voluntary Principles Initiative responsibilities, including public reporting and engagement where appropriate".

The Voluntary Principles are a set of guidelines that will be applied to various degrees using various methodologies depending on need and adapted to local conditions. Therefore a significant component of the accountability framework for any participating organization is the selection of a suite of organizationally appropriate performance indicators. Participants are encouraged to select indicators that will provide a reasonably accurate representation of the implementation. To guide this work the following categories should be considered.

1. Participant Commitments
2. Risk Assessment
3. Public Security

4. Private Security
5. Process to manage allegations
6. Engagement with stakeholders

It is the responsibility of Participants to develop a set of valid selection criteria to ensure that any assessment is a reasonably representative sample. This may involve the inclusion of a proportional number of problem locations and lower risk ones. It also involves the evaluation of a statistically relevant representative sample size.

Annual Report to the Plenary

Each Participant is responsible to produce an annual report to the plenary. This report will include their review assessment process. Given that the indicators will be selected by the Participant, their reports will include a description of the various methodologies employed in determining their success in implementing the Voluntary Principles. The report will also include a representation of the findings of the review. The report will be drafted in accordance with the reporting guidelines.

Publication of Annual Report

Corporate Participants have the option of submitting a copy of their annual report to the Secretariat to be posted on the Voluntary Principles website. The version submitted for public release may be modified from the version submitted to the Voluntary Principles Initiative in advance of the Annual Plenary Meeting. Corporate Participants strive to use a consistent framework for their public reports.

Presentation of Results

Presentations to the Annual Plenary Meeting

Each Participant is responsible to prepare presentations of the process, indicators and headline results of their respective reviews at the Annual Plenary meeting. This presentation will include an overview of the key issues raised as a result of the review and key learning's derived from the issues raised. Ideally the review will have been designed such that the results will provide an indication of the success of the implementation and operation of Voluntary Principles programs, this presentation will be an opportunity for Participants to share their evaluation techniques and key learning's derived from the evaluation.

Three volunteer Participants from each pillar will present case studies of Voluntary Principles implementation at the Annual Plenary. These case studies will include a more in-depth analysis of specific methodologies employed and the results achieved. The intention is for all Participants to learn from the experience of the other Participants (from all three pillars).

Presentations to the Implementation Working Group

Each year, Participants who did not present to the previous Annual Plenary Meeting will be invited to present their case studies to the Implementation Working Group.

The presentation to the Implementation Working Group will be a one-hour virtual presentation, consisting of a 15-minute presentation, followed by 15 minutes of responses to peer-review input, and up to 30-minutes of open Q&A (with priority given to peer reviewers for follow-up comments/questions).

<u>Public Report by the Secretariat</u>

The Secretariat will include in the annual summary public report a description of the process that was undertaken by Participants to verify their activities. This report will be posted on the Voluntary Principles website. Prior to publication the draft public report will be distributed to all Participants for agreement and sign off.