

APPENDIX 3.1 – FRAMEWORK FOR THE ADMISSION OF NEW COMPANIES

THE VOLUNTARY PRINCIPLES INITIATIVE AND THE VOLUNTARY PRINCIPLES ASSOCIATION FRAMEWORK FOR ADMISSION OF NEW COMPANIES

Governments, companies in the industries of extracting, harvesting, or developing natural resources or energy, and non-government organizations (“NGOs”), all with an interest in human rights and corporate social responsibility, have engaged in a dialogue on security and human rights. Participants in the Initiative of the Voluntary Principles on Security and Human Rights (the “Voluntary Principles Initiative” or “VPI”) recognize the importance of the promotion and protection of human rights throughout the world and the constructive role business and civil society – NGOs, labor/trade unions and local communities – can play in advancing these goals.

This document sets forth the process by which companies may apply to become Participants in the VPI. It also provides information as to the expectations for Applicant Companies and Participant Companies in the VPI.

1. Admissions Process

Initial Application¹

- 1.1 Any company in the industries of extracting, harvesting, or developing natural resources or energy (hereinafter referred to as “Applicant Company”) may formally request admission to the Voluntary Principles Initiative (“VPI”) and the Voluntary Principles Association (“VPA”) as an Engaged Company.²
- 1.2 The request for application is to be made in writing to the Secretariat using Annex A: Company Application Guidance.³
- 1.3 Upon receipt of an application, the Secretariat shall review and provide feedback to the applicant, and will subsequently transmit the application to the Steering Committee of the VPI for its review, in consultation with the Plenary.

¹ Prior to submitting an application, or while an application is pending, any company is welcome to request an invitation to attend the Voluntary Principles Annual Plenary Meeting as an Invited Guest of the Steering Committee. Requests should be submitted to info@voluntaryprinciples.org

² The VPA is an entity based in The Netherlands that addresses the administrative and financial needs of the VPI. The activities of the VPA are governed by its Articles of Association (available upon request). Formally, the General Meeting of the VPA decides on the admission to membership in the Association. The General Meeting is the same body as the Plenary of the VPI and Applicant Companies are informally admitted to the VPA once they are admitted to the VPI as Participant Companies in accordance with the procedures described in this document. Formal admission takes place at the next Annual General Meeting of the VPA, held at the same time as the Annual Plenary Meeting of the VPI.

³ Materials may be electronically submitted to applications@voluntaryprinciples.org.

Consideration of Application

- 1.4 The Steering Committee, in consultation with the Plenary, will make every effort to review applications in an expeditious manner. Applicant Companies should be aware that the review process typically takes several months to complete. At any point during the review period, the Applicant Company may contact the Secretariat to check on the status of an application.
- 1.5 The Steering Committee's review of an application will include: a review of the company's Application Form; consideration of publicly available information regarding the company's activities; and an assessment of the company's capacity to operate in a manner consistent with responsibilities described in the Entry Criteria set forth below.
- 1.6 During its review of an application, the Steering Committee may direct the Secretariat to convey specific additional questions to an Applicant Company and/or to set up a call or meeting to discuss particular aspects of the application. These questions and/or discussions will be limited to and focused on an evaluation of the considerations identified in the Entry Criteria. Members of the Steering Committee agree to complete the application review in as efficient a manner as practicable.
- 1.7 An Applicant Company shall, to the extent practicable, refrain from entering into new commercial relationships with a Participant immediately before submission or during the review of the Applicant Company's application to join the Voluntary Principles Initiative; provided that if the Applicant Company enters into a commercial relationship described in the previous clause, it shall promptly submit an amended Application or Action Plan clearly disclosing such commercial relationship.

Approval or Rejection of Application

- 1.8 The approval or rejection of the application is communicated to the Secretariat by the Steering Committee, and the Secretariat will advise the Applicant Company of the decision.

Potential Reconsideration

- 1.9 If an application has been rejected, the Applicant Company may request reconsideration. This request should be submitted in writing to the Secretariat which will transmit the request to the Steering Committee for its review, in consultation with the Plenary.
- 1.10 During its review of a request for reconsideration, the Steering Committee may choose to enter into dialogue with an Applicant Company, taking into consideration arguments brought forward by the Applicant. The Secretariat will contact the Applicant Company to initiate such discussions at the Steering Committee's request.
- 1.11 An Applicant Company that is not admitted under the terms set forth in Sections 1.8-1.9 may at any time submit a renewed request for admission.

2. Entry Criteria / Threshold

To become an Engaged Member, an Applicant should be required to meet a threshold of strong commitment to implement the VPSHR and demonstrate such commitment through efforts to align company policies and practices with human rights standards and conflict-sensitive business practices.

In particular, the key requirements for the Steering Committee to assess are:

- a. Applicant's stated commitment to fully implement the VPSHR across all its operations;
- b. Clear indicators of applicant's good faith efforts to implement the Voluntary Principles on Security and Human Rights, such as training, integration of VPs in company management systems, robust risk assessment process, and changes to human rights policies;
- c. Applicant's willingness to engage openly, in good faith, and comprehensively with other participants including by honouring, to the extent practicable, requests from Participants for additional information;
- f. Applicant's willingness to develop and implement a VPSHR Implementation Plan requirements;
- g. Applicant's demonstrated investment of adequate resources in VPSHR implementation;
- h. Applicant's approach and good faith response where it, or a company it has acquired, has caused, contributed to or been directly linked to an adverse human rights impact.
- i. Applicant's efforts to prevent a repeat of past adverse human rights impacts through robust implementation of the Voluntary Principles; and
- j. An Applicant's behaviour, regardless of whether it is related to the Voluntary Principles, that may reasonably be expected to bring the Voluntary Principles Initiative into disrepute. Such behaviour may include a violation of laws or a serious proven breach of ethical business practices including illegal activities and/or corrupt practice,

- 2.1 Applicant Company recognizes a responsibility to maintain the safety and security of its operations within an operating framework that ensures respect for human rights and fundamental freedoms and to act in a manner consistent with the laws of the countries within which they are present, to be mindful of the highest applicable international standards (e.g. the U.N. Guiding Principles on Business and Human Rights), and to promote the observance of applicable international law enforcement principles (e.g. the U.N. Code of Conduct for Law Enforcement Officials and the U.N Basic Principles on the Use of Force and Firearms by Law Enforcement Officials), particularly with regard to the use of force, and as it relates to security and companies engaged in the industries of extracting, harvesting, or developing natural resources or energy.

3. Engaged Companies

- 3.1 An Applicant Company is initially admitted to the VPI as an Engaged Company member. This member category cannot exercise voting rights within the VPI.
- 3.2 An Engaged Company may inter alia:
- a) Participate in meetings of the Corporate Pillar, unless such meetings, or a portion thereof, are specifically restricted to Participant members,⁴
 - b) Attend and contribute to events organized by the VPI, including appropriate sessions at the Voluntary Principles Annual Plenary Meeting,⁵
 - c) Seek advice and support from the Secretariat for Voluntary Principles recognized activities, and
 - d) Contribute to discussions regarding implementation of the Voluntary Principles, including sharing of experiences and best practices.

⁴ Where attendance at a meeting or a portion thereof is restricted, the Secretariat or a member designed by the Corporate Pillar shall provide advance writing noticed to the Engaged Companies.

⁵ When votes are taken at such VPI meetings, the meeting/event Chair shall be obligated to remind attendees that votes may only be cast by Participants.

Expectation

3.3 An Engaged Company is expected to:

- a) pay a percentage equal to one half of the costs attributed to a similarly-situated Participant Company during its period of Engaged Company status; provided however that upon becoming a Participant Company pursuant to Section 4 hereof, such Company shall, if requested by Steering Committee, pay its pro rata share of any costs (e.g. membership fees) for which it has not paid in full.
- b) produce an Implementation Action Plan Report, in writing, regarding its implementation of the Voluntary Principles, including progress or completion of requirements in the Implementation Plan. Secretariat will circulate this document to the Steering Committee.
- c) deliver a Voluntary Principles implementation review presentation that conforms with the requirements of such presentations set out in the Guidance on Making a Voluntary Principles implementation review Presentations;
- c) actively engage with other VPI Participants on all aspects of the Engaged Company's application such as implementation actions taken and pending, due diligence risk management systems and tools used and the integration of such into management systems, and their effectiveness;
- d) actively contribute to and uphold the reputation of the VPI.
- f) engage openly, in good faith, and comprehensively with other Participants including, in particular, honoring to the extent practicable requests from Participants for additional information, as well as direct and good faith engagement on issues pertinent to the implementation of the Voluntary Principles.
- g) develop with the approval of the Steering Committee and implement a plan consistent with the Company Implementation Action Plan requirements.
- h) update the Steering Committee no less than quarterly (or such greater frequency as the Steering Committee shall require) on the progress in the drafting and implementation of the Company Implementation Action Plan.

3.4 Engaged Companies are Members of the VPA and are allowed to participate in VPA meetings and events, however this member category cannot exercise voting rights within the VPA.

4. Requesting Status as Participant Company

- 4.1 Engaged Companies may upon compliance with all elements of section 3.3 of this Appendix, which shall take place in a period spanning no less than one and no more than two Annual Plenary Meetings, request status as a Participant Company within the VPI and VPA. An Engaged Company may make a special request to the Steering Committee to retain its Engaged Company status for a period that exceeds the limit set forth in the previous sentence. Such a request must be made in writing to the Steering Committee and should provide justification for why the Engaged Company has not requested status as a Participant Company. The Steering Committee shall be authorized to extend the deadline for the request by a period no to exceed twelve (12) months.

Review of Engaged Company Compliance

- 4.2 For a period of one (1) month following submission of the Engaged Company's request to become a Participant Company, the Steering Committee should review the Engaged Company's compliance with section 3.3 hereof and work to clarify any issues related to the Company Implementation Action Plan. If ongoing collaborative work between the Steering Committee and the Engaged Company is needed, the Steering Committee should inform the Engaged Company, set a new timeline subject to section 4.1 hereof and work with the Engaged Company to address outstanding issues in a timely fashion.
- 4.3 In the event that the Steering Committee has material questions regarding the Engaged Company's Company Implementation Action Plan, the Engaged Company shall be required to participate in a closed-door session with members of the Steering Committee, subject to acceptance by the parties of reasonable confidentiality terms which (i) prohibit the members of the Steering Committee from discussing with any party not on the Steering Committee the detailed Engaged Company information disclosed to them, and (ii) prohibit the Engaged Company from discussing with any party not on the Steering Committee the specifics of the deliberations. At such session, the Engaged Company's Company Implementation Action Plan (in particular its underlying risk assessments and conflict analyses) shall be discussed in detail and to the satisfaction of the Steering Committee. For the avoidance of doubt, the members of the Steering Committee shall be permitted to discuss the content of such a session with any party not a member of the Steering Committee only to the extent (i) permitted by the confidentiality terms agreed to by the parties; and (ii) strictly necessary to inform the Participants about the Engaged Company's implementation efforts.
- 4.4 The Steering Committee shall assess the Implementation Plan Report as it deems appropriate, including, without limitation, by conducting site visits (where safe and feasible and the VPI is able to fund the visit), third party assurance of the Implementation Report (to be paid by the Applicant), or any other measure.
- 4.5 At any time, an Engaged Company shall be permitted to extend an invitation to the Steering Committee to conduct a review of the Engaged Company's practices, challenges, and implementation progress using methods agreed upon by the parties (including, without limitation, site or facility visits).

- 4.6 The Steering Committee shall be authorized to conduct, at any time prior to admission of an Engaged Company as a Participant Company, its own independent review of, and fact-gathering regarding, such Engaged Company's compliance with section 3.3 hereof, using a process to be agreed upon by the Members.

Approval of the Company as a Participant Company

- 4.7 If the Steering Committee determines, in consultation with the Plenary, that the Engaged Company has complied to the Steering Committee's satisfaction with the requirements of section 3.3 hereof, the Secretariat will inform the Engaged Company that it has gained status as a Participant Company.
- 4.8 If the Steering Committee determines, in consultation with the Plenary, that the Engaged Company has failed to comply to the Steering Committee's satisfaction with the requirements of section 3.3 hereof, every effort will be made to work with the Engaged Company in order to enhance its compliance with goal that it will ultimately be approved.

5. Corporate Pillar Participants

- 5.1 Participant Companies are inter alia:
- a) Eligible to participate fully in all aspects of the Voluntary Principles Initiative and the Voluntary Principles Association, including governance and other decision-making forums; and
 - b) Expected to fulfil the roles and responsibilities described in the Participation and Accountability Criteria and the Roles and Responsibilities of Companies document.
 - c) Expected to implement the Guidance on Making a Voluntary Principles Verification Presentation and expected to report to the Annual Plenary Meeting, or other event scheduled by the Steering Committee for such purpose, no less than once every three years on their implementation progress.

ANNEX A: COMPANY APPLICATION GUIDANCE

This Annex provides guidance for preparing an application. It is not intended to be used as a form. A narrative version on company letterhead should be prepared.

General information

1. Name of company
2. Please provide the name(s), department, job title and contact information for the primary contact person(s) within your organization.
3. Please provide the address for your organization's main headquarters (or that of your parent company).
4. What sector(s) does your organization involve? Please briefly list your company's activities (e.g. exploration, mining, oil & gas, renewables, processing, transportation, agriculture, trading, etc) and in which countries those activities take place.
5. How many people does your company employ globally (employees, not contractors)?
6. Provide a brief description of security operations. Are public security providers present on any of your concessions or operations? If so, which countries? Do you have MOUs with public security?

Participation in a Multi-Stakeholder Initiative

7. Discuss the company's decision to apply to the join the VPI. What is the company's motivation for applying to join the Initiative? Why is now the right time for the company to join? What factors lead to the decision to apply (for example, efforts to improve ESG practices, new security-related challenges, expanding into conflict affected areas, recent audit showed deficiencies, etc.)? What does the company hope to gain from participation in the Initiative?

Summary Security/Human Rights Risk Assessments for High-Risk Operations

8. Applicants are required to provide a summary risk assessment for each of its high-risk operations (as determined by the applicant). Each summary risk profile should focus on the most salient security and human rights risks related to the applicant's operations, as well as any risks related to the applicant's ownership structure. The applicant would be asked to assess its own risks. Applicants should also describe approaches to addressing those risks through prevention and mitigation. The summary risk assessment shall be based on the VPSHR Section I (Risk Assessment), and aligned with the risk assessment methodology set out in Module 2 of the Implementation Guidance Tools.

Existing Implementation of Security and Human Rights Commitments

Please provide examples of how the company already implements, or supports implementation of the Voluntary Principles.

9. Describe company policies, codes of conduct, grievance mechanisms, and other processes and procedures that you have in place, or plan to put in place, with regard to security and human rights. If available, provide concrete examples of how your company currently implements security and human rights principles and/or practices in your operations.

10. Describe how the company currently assesses its performance with regard to security and human rights, including the use of internal and independent assurance processes (if any).
11. Describe the company's public reporting processes (e.g. sustainability reporting) currently in place.
12. Provide information on how the company already cooperates with existing Voluntary Principles Participants on security and human rights issues. Specify which countries and which companies, governments, or NGOs the company cooperates with.
13. Discuss the company's response to current and previous security and human rights challenges, if any. What lessons did the company learn and apply? Please provide concrete examples where possible. Examples of challenges can include operating in conflict-affected areas, engagement with local communities, conflict with small scale miners, organized crime activity around sites, etc.
14. List the countries in which implementation of the Voluntary Principles is of particular interest or relevance to the company. Explain what type of presence (e.g. operating company, joint venture, minority investor, etc.) the company has in the countries identified.
15. Explain how the company would contribute to implementation / support of implementation and advancement of the Voluntary Principles if it became a Participant. Please indicate whether your response relates to company, country, and/or global levels, and also include an indicative timeframe.
16. Explain how the Voluntary Principles will enhance or assist the current efforts of the company and/or future plans.

Additional Questions: Ownership and Control

17. Is your organization publicly traded or privately owned?
18. If publicly traded, please provide exchange and ticker symbol.
19. If privately owned, please provide the names of all entities and individuals which are shareholders of your corporation, at a threshold of 5% or greater voting shares, and include the percentage of shares held for each.
20. Please provide the names of all Directors of your corporation, along with their institutional affiliations and titles.
21. Please provide the names and titles of your corporation's officers (executive team level).
22. Are there any other persons or institutions which exert control or provide direction to the corporation which are not already provided in questions 8-10?
23. Does any person listed in response to questions 8-11 meet the definition of Public Office Holder or Relative below? If yes, please provide details with respect to each person below.
24. If the applicant is a state-owned enterprise, please indicate any relevant changes to the Security and Human Rights policies after the corporation was acquired by a state or state-owned enterprise (if applicable). For example, changes to policies and procedures, how teams are trained, reporting structures, grievance mechanisms, community relations and reporting on

human rights issues.

For the purposes of this document, a ***Public Office-Holder or Relative*** is a person who holds or has held within the past five (5) years one of the following offices or positions in or on behalf of a state or a subnational jurisdiction:

- head of state or head of government;
- member of the executive council of government or member of a legislature;
- deputy minister or equivalent rank;
- ambassador, or attaché or counsellor of an ambassador;
- military officer with a rank of general or above;
- president of a state-owned company or a state-owned bank;
- head of a government agency;
- judge of a supreme court, constitutional court or other court of last resort;
- leader or president of a political party represented in a legislature;
- Senior Government official, Director level or higher; or
- A family member of any of the above (husband, wife, parent, grandparent, sibling, son, daughter, step-parent, stepson, stepdaughter, grandchild, cousin, aunt, uncle, niece or nephew).

ANNEX B: KEY DOCUMENT LIST

Governance Documents

Governance Rules of the Voluntary Principles Initiative
Roles and Responsibilities of Companies
Participation and Accountability Criteria

These documents can all be found in the Membership Documents section of The Initiative webpage (<https://www.voluntaryprinciples.org/the-initiative/>)

Tools

Implementation Guidance Tools
10 Steps to Maintain Security in Compliance with Human Rights
Model Clauses for Agreements Between Government Security Forces and Companies with Respect to Security and Human Rights
Voluntary Principles on Security and Human Rights Training Course

These tools can all be found on the Resources webpage (<https://www.voluntaryprinciples.org/resources/>)