

## **COMPLIANCE REVIEW PROCESS**

### **Requirement for All Members to provide access to remedy**

Effective January 1, 2026, all VPI corporate and NGO members shall make available a complaints process or operational-level grievance mechanism to rightsholders. Such mechanisms should be based on United Nations Guiding Principle 31 to promote the effectiveness of their non-judicial grievance mechanism or complaints process.

Government Members of the VPI shall communicate the availability of any non-judicial mechanisms for channeling complaints about members operating or domiciled in their jurisdictions, including mediation through the OECD National Contact Points, and/or other accessible grievance mechanisms which align with the requirements set out in the UNGPs Pillar 3.

All members should communicate the availability of their own complaints or grievance mechanisms to rightsholders, and, if applicable, those offered by other actors including industry associations and multi-stakeholder initiatives.

### **Alleged Issues Giving Rise to the Steering Committee Involvement**

If one of the following is brought to the attention of the VPI Board (e.g. through a VPI member, the Secretariat), the Board will decide whether it needs to take action.

- alleged non-compliance with the VPSHR by a VPI Member (or indication of a failure of management systems, policies, or operational procedures to implement the VPSHR which may benefit from a review)
- a merger or acquisition<sup>2</sup> raising questions which would benefit from a multistakeholder dialogue
- alleged administrative non-compliance with the requirements of the Voluntary Principles Initiative (e.g., failure to submit annual fees)
- A Member'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.

Because such allegations may vary widely in credibility and significance, the Board will have the discretion to determine whether it will take action.

### **Board Action and Multistakeholder Dialogue**

If the Board determines that the alleged non-compliance is credible and significant enough to merit action, it will begin a Multistakeholder Dialogue.

A Multistakeholder Dialogue is an effort by the Board to speak with the stakeholders it deems appropriate, gather relevant information about the alleged non-compliance, and determine a path forward.

The approach to, and structure of, such a Multistakeholder Dialogue will be at the discretion of the Board based on the severity of each alleged non-compliance and any other factors that the Board believes to be relevant. For example, the Board may hold a meeting with the Member against whom the allegation was made, or it may hold a Pillar-only session with that Member. It may choose to include other Members and Observers.

After the Multistakeholder Dialogue, the Board will determine whether further investigation and action is needed.

### **Termination Thresholds**

If after completion of the Multistakeholder Dialogue the Board determines that further investigation and action is needed, it will decide whether, if corroborated to the Board's reasonable satisfaction, the alleged non-compliance would meet one of the following Termination Thresholds:

- **NON-IMPLEMENTATION OF THE VOLUNTARY PRINCIPLES:** A Member's serious or sustained unwillingness or inability to implement, or assist in implementing, the Voluntary Principles in good faith;
- **ADMINISTRATIVE NON-COMPLIANCE WITH THE REQUIREMENTS OF THE VOLUNTARY PRINCIPLES INITIATIVE:** A Member's sustained dereliction of the duties of a Member of the Voluntary Principles (including, without limitation, payment of annual fees, submission of annual reports, engaging in the Voluntary Principles Implementation Review);
- **PROVISION OF FALSE INFORMATION:** A Member's deliberate and knowing provision of false information to the Voluntary Principles Initiative;
- **NON-ENGAGEMENT WITH VPI TO ADDRESS NON-COMPLIANCE:** A Member's significant or sustained disregard of individual and collective efforts to address issues of material non-compliance with Voluntary Principles through direct dialogue and constructive engagement; or
- **SERIOUS REPUTATIONAL HARM:** A Member'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.

### **Corrective Action or Implementation Process**

If the Board determines that the alleged non-compliance does not meet a Termination Threshold, it will begin a Corrective Action or Implementation Process.

During the Corrective Action or Implementation Process, the Board shall further investigate the Alleged non-compliance, seek information and documents from the Member who has committed the alleged breach, speak with other VPI members with relevant information or expertise, and decide on the next steps.

The Board may determine that the alleged breaching Member must take certain remediation steps pursuant to an Implementation Plan or Correction Action developed by the Board in consultation with the alleged breaching Member. If the Member satisfactorily completes the Implementation Plan or Corrective Action in the timeframe set out therein, the matter will be considered closed.

If the Member fails to satisfactorily complete the Implementation Plan or Corrective Action by the deadline, its failure will be considered an alleged non-compliance and will begin the process set out here once again. Similarly, if during the remediation or implementation process, new facts emerge that the Board believes should give rise to a new assessment, the matter will be considered a new alleged non-compliance. The Board will be authorized to conduct such a renewed process on an expedited basis.

### **Potential Termination Process**

If the Board determines that the alleged non-compliance meets a Termination Threshold, it will begin a Potential Termination Process.

During the Potential Termination Process, the Board shall further investigate the alleged non-compliance, seek information and documents from the Member who has committed the alleged breach, speak with other stakeholders or experts with relevant information or expertise, and make a determination.

The Board may recommend the termination of the Member's membership in the VPI which shall include a high-level description of the reasons for termination.<sup>3</sup> This recommendation will be voted on by the Plenary in accordance with the VPI's bylaws.

In conducting the Potential Termination Process, the Board may determine that the alleged breaching Member may be able to remedy the Alleged non-compliance. If it makes this decision, the parties will follow the steps outlined in the "Potential Remediation or Implementation Process" section outlined above.

### **Duties of All Parties Throughout the Compliance Review Process**

#### **Duty of Confidentiality**

All documentation submitted in relation to the Voluntary Principles Initiative's Compliance Review Process is to be maintained in strict confidentiality by the Board and cannot be shared outside the Board except with other Members involved in the Compliance Review Process (for example, as part of the

Stakeholder Dialogue) on a need-to-know basis. These other Members receiving such information will be required to sign confidentiality agreements.

No confidential documents obtained throughout the Compliance Review Process are to be distributed to non-Members except as required by valid legal process or otherwise required by law.

The duty of confidentiality does not expire, even when individuals or members leave the Voluntary Principles Initiative.

Throughout the VPI Compliance Review Process, the VPI anti-trust policies will apply.

### **Duty to Act in Good Faith**

The Parties involved in the Compliance Review Process are required to act in good faith during the process. Indices of good faith include but are not limited to the following:

- Respecting the duty of confidentiality
- Parties are forthcoming in providing relevant information, documentation, witnesses etc.
- Parties provide accurate information
- Ensuring that, in all cases, information transmission does not jeopardize the safety and security of any person, including witnesses
- The alleged breaching Member strives to carry out the corrective actions recommended by the VPI Board.
- The alleged breaching Member makes every effort to prevent the risk of retaliation to rights-holders in connection with the Compliance Review Process.

Approved by the VPI Board December 2024

# VPI Compliance Review Process

