



2018 UK Annual Report on the Voluntary Principles on Security and Human Rights for Businesses Operating in Complex or Fragile Environments

A. Commitment to the Voluntary Principles on Security and Human Rights

The UK Government continues to be committed to the development and implementation of the Voluntary Principles on Security and Human Rights (Voluntary Principles). We are proud of our role in developing the Voluntary Principles in 2000, and since then we have consistently worked to:

- i. raise awareness and highlight the work of the Voluntary Principles Initiative (VPI) in priority countries for membership;
- ii. actively participate in the work of the VPI in order to develop the Voluntary Principles and extend their implementation;
- iii. support UK oil, gas and mining companies to implement the Voluntary Principles in order to manage security and human rights risks more effectively;
- iv. promote and facilitate the sharing of Voluntary Principles information, best practice and tools;
- v. encourage greater openness by companies in line with the UN Guiding Principles on Business and Human Rights.

In 2018 the UK Government demonstrated our commitment to the Voluntary Principles by taking the responsibility of government Chair of the VPI. Working with the VPI Steering Committee, members and Secretariat the UK focussed on three objectives:

- i. making the VPI a sustainable initiative;
- ii. growing the membership of the VPI and encouraging widespread implementation of the Voluntary Principles;
- iii. increasing the impact of the Voluntary Principles in key countries, specifically through the Burma, Ghana and Nigeria in-country working groups.

The UK will continue working towards these objectives until we hand over the Chair at the Annual Plenary in March 2019.

The UK believes the Voluntary Principles have a key place in helping to implement the United Nations Guiding Principles on Business and Human Rights (UNGPs). They make a valuable contribution to upholding human rights and preventing conflict where extractive companies operate in difficult, fragile and complex environments. The VPI provides a valuable open and frank forum where a range of stakeholders, including companies, NGOs and governments, can share best practice, exchange ideas and information and discuss challenging issues. Through this collaboration, the Voluntary Principles help oil, gas and mining companies drive up standards in managing their security operations as well as contributing to the UK Government's efforts to build stability overseas, reduce the sources of conflict and promote our core values and respect for human rights.

The UK considers the Voluntary Principles a key tool for implementing the UNGPs, alongside the UK's Action Plan on Business and Human Rights in the extractive sector. The UK Action Plan sets out our commitment to:

“Continue to work closely with Voluntary Principles on Security and Human Rights Initiative (VPI) member governments, extractive companies and civil society organisations, to promote greater understanding of the Voluntary Principles and strengthen the implementation, effectiveness and membership....we will continue to work on better corporate implementation of the Voluntary Principles on the ground. This includes maintaining dialogues with ‘host’ governments.”

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/522805/Good_Business_Implementing_the_UN_Guiding_Principles_on_Business_and_Human_Rights_updated_May_2016.pdf

B. Domestic Policies, Laws, and Regulations

The Foreign and Commonwealth Office is responsible for UK policy on the Voluntary Principles. The Voluntary Principles fall within the UK's Business and Human Rights Action Plan, the latest version of which was published on 13 May 2016 (see link in the Commitment to the Voluntary Principles section). Other government departments, including the Department for International Trade and the Department for International Development, have a role in implementing the Voluntary Principles in pursuit of the benefits they bring to businesses and local communities.

The UK is subject to international human rights obligations under customary international law and as a result of the international legal instruments we have signed and ratified. Human rights obligations generally apply only within a State's territory and/or jurisdiction. Accordingly, there is no general requirement for States to regulate the extraterritorial activities of business enterprises domiciled in their jurisdiction, although there are limited exceptions to this, for instance under treaty regimes. The UK may also choose as a matter of policy in certain instances to regulate the overseas conduct of British businesses.

The UK has specific laws protecting human rights and governing business activities. As with all UK law, these are set out in legislation or sometimes protected by common law rules which, taken together, ensure certain rights and

liberties. Some of these provisions have been in place for many years and will be familiar to business. Like all States we need to continually re-assess whether the current mix is right, what gaps there might be and what improvements we could make.

The UK has ratified a series of international treaties and agreements – the International Labour Organisation’s eight core conventions, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the European Convention on Human Rights - which enshrine human rights and fundamental freedoms and have been given effect through the law. Currently the Human Rights Act 1998 ensures that individuals in the UK have a remedy for the breach of rights which are protected by the European Convention on Human Rights (ECHR). It applies to all public authorities and other bodies performing public functions, as private companies sometimes do.

C. Promotion and Implementation

Promotion of the VPI

In accordance with the Government Pillar Verification Framework, and in support of increasing transparency within the VPI, the UK has consistently published Voluntary Principles Annual Reports on both the UK Government (www.gov.uk) and the Voluntary Principles (www.voluntaryprinciples.org/) websites. The UK continues to encourage all participants in the VPI to make Annual Reports publicly available.

As noted previously in this report several UK Government Departments are involved in implementing the Voluntary Principles. The Departments closely co-ordinate and collaborate on Voluntary Principles work to ensure maximum impact. Within the UK Government, Embassies and High Commissions play a key role in advancing UK policy on the Voluntary Principles through their involvement in Voluntary Principles working groups. Embassies and High Commissions are also key in identifying opportunities to advance the promotion of the Voluntary Principles and the VPI organisation.

Implementation of the Voluntary Principles

As the Government Chair, the UK has been responsible for ensuring the VPI Steering Committee meets regularly to discuss key issues and makes decisions about the operation of the VPI to support the development of the Voluntary Principles. The UK also facilitated and led the Steering Committee Strategy Retreat in London on 2 and 3 May 2018. As a result of that meeting the Steering Committee agreed a series of work streams to focus on during 2018. During the UK’s Chair, the VPI:

- i. selected a new permanent Secretariat with a mandate to take a lead on policy development and implementation. This offers the opportunity for a step change in the impact and reach of the VPI globally;

- ii. co-operated with the International Code of Conduct Association to develop guidelines for Private Security Providers on preventing and addressing sexual exploitation and abuse;
- iii. developed a concept paper on measuring the impact of the Voluntary Principles involving collaboration between corporate, NGO and government members;
- iv. agreed a series of changes to the VPI's governance documents in order to simplify processes as well as improve transparency and reporting requirements;
- v. continued the work of the three in-country working groups in Burma, Ghana and Nigeria (e.g. regular multi-stakeholder meetings, engagement with key government agencies and workshops to raise awareness of the Voluntary Principles).

As part of the role of Chair, the UK also led the Government Pillar during 2018. This again involved facilitating regular meetings of Government Pillar members to discuss key issues and ensure views of members contributed to decisions made by the Steering Committee. The UK also continued as a member of the Governance, Implementation and Outreach working groups.

Globally we remain engaged through UK Embassies and High Commissions. This includes engagement with, and participation in, Voluntary Principles working groups in Burma, Ghana, Nigeria and Peru. The UK continues to engage actively with the activities of the working groups in order to widen awareness and increase the implementation of the Voluntary Principles.

The UK believes that it is key to the success of the VPI that the membership should continue to grow, and that the principles of the VPI should be widely disseminated. Throughout 2018 the UK has engaged regularly with a wide variety of VPs members and non-members to discuss the Voluntary Principles. These discussions included engagement with prospective members of the VPI. During our year as Chair, the VPI has received 11 applications for new memberships.

As required as part of membership of the VPI, the UK gave a verification presentation detailing our work in relation to the Voluntary Principles on 16 January 2018.

Voluntary Principles Projects.

In 2018 the UK contributed £200,000 in funding for Voluntary Principles projects to the Security and Human Rights Implementation Mechanism (SHRIM). The SHRIM is a multi-donor fund established by the UK in 2016 in partnership with The Geneva Centre for the Democratic Control of Armed Forces (DCAF). The aim of the fund is to support targeted implementation of security and human rights good practice on the ground in a cost effective way in conflict affected and complex environments. It funds projects supporting Voluntary Principles implementation, private security sector standards and wider work on the role of business in complex environments. The fund builds on engagement of committed donors combined with DCAF's experience developing international multi-actor mechanisms to support effective security, development and human rights projects

in fragile contexts. An important wider objective of the SHRIM is to foster greater public-private cooperation. The SHRIM promotes partnerships with local, regional and international stakeholders. This objective is shared by the VPI. Whilst the SHRIM is not formally linked to the VPI, where objectives overlap the SHRIM Steering Committee will identify opportunities to support projects of mutual interest. By collaborating with DCAF the UK is able to ensure funding is used for a variety of projects that have a real impact in the implementation of the Voluntary Principles.

Funding in 2018 brings the total UK contribution to the SHRIM to £580,000 since 2016. Previous UK Annual Report's on the Voluntary Principles contain details of projects funded in prior years. These can be found on gov.uk. Examples of projects funded in 2018 through the SHRIM include:

- i. developing Voluntary Principles implementation in Peru through supporting a working group in Cusco to spread the understanding of the Voluntary Principles amongst companies, local communities and other key stakeholders;
- ii. launch of call for proposals to enable civil society actors to support implementation of security and human rights good practice in fragile contexts where extractive companies operate. The call for proposals will allow civil society with limited access to funding to propose projects. The result will be a wider number of projects being delivered in the security and human rights area;
- iii. promoting policy coherence between the OECD and the VPI by developing a policy paper to advise on the areas where the two organisations can work together to deliver impact.

UK Embassies and High Commissions have also funded Voluntary Principles projects. These include:

- i. Peru

As part of the Embassy's work to promote the Voluntary Principles in Peru it supported a project in partnership with NGO Peru Support Group (PSG). The project involved PSG carrying out a study focused on successful cases of dialogue between mining companies and communities. The objective was to gather input from stakeholders, draw conclusions from their experiences and consider the behavior of the main actors (e.g. the State, companies, civil society and communities). The project also looked at lessons learned from unsuccessful dialogue experiences, often with outcomes of violence and conflict.

PSG produced a report, which included ten suggestions for improving practices for the mining industry to become part of a sustainable development process and strengthened human rights. The aim of the report is to feed into Peruvian national policy strategies towards avoiding conflicts. The final report will be presented to all actors involved at the

Peruvian Ministry of Energy and Mines, with the aim of providing helpful suggestions to improve practices as a way of minimising the likelihood of conflict.

ii. Madagascar

Building on the results of a 2016 Voluntary Principles project, this project enabled participants from companies, government and target communities to increase their understanding of the Voluntary Principles and to strengthen their ability to collaborate with each other in resolving their conflicts peacefully. Companies and government officials have been empowered to design action plans to increase community access to reliable information about mining and oil companies' activities. Key project activities included:

- Voluntary Principles training in Melaky for company representatives, community leaders, security forces and private security companies. Cross-sector Committee meetings.
- Community Dialogue to discuss human rights issues in the mining sector.
- National Roundtables on the Voluntary Principles bringing together government officials, company representatives, and civil society organisations.
- Radio programming and a guide in Malagasy to raise public awareness about the Voluntary Principles.

Risk Assessment

The Voluntary Principles are an important tool for extractive companies working in fragile and high-risk environments. The participation of governments, businesses and NGOs in the VPI is key to providing verification, monitoring, and grievance mechanisms, and enable robust risk assessment and management in such a way as to reduce the risk of conflict and insecurity, and enable the companies and local communities to work together. The VPI also provides a forum to discuss issues around risk assessments as well as the opportunity to share best practice.

Public Security

The UK is fully aware that adequate and effective training for public security providers is a key component of preventing human rights abuses. It is sometimes the case that the host government's responsibility to provide adequate training and to ensure effective oversight and accountability of public security forces is not fully or effectively implemented. The UK is clear that the Voluntary Principles provide a framework for businesses to co-operate with the implementation of security by public security providers. The UK encourages extractive companies working with public security to use the Voluntary Principles as a method to reduce and ultimately eliminate human rights incidents.

Private Security

The UK is committed to working with the Private Security Sector to raise the standards to which Private Security Companies (PSCs) operate. We work closely with the Security in Complex Environments Group (SCEG), the UK industry body for PSCs. The UK was instrumental in securing agreement to the ISO 18788 (<https://www.iso.org/standard/63380.html>) standard for PSCs, which provides a framework for establishing, implementing, operating, monitoring, reviewing, maintaining and improving the management of security operations. ISO 18788 is an internationally accepted standard that offers a minimum level of assurance that human rights considerations are taken into account in the recruitment, training and deployment of PSC staff.

Internationally the UK was involved in drafting the International Code of Conduct for Private Security Providers (ICoC), and the launch of its oversight mechanism, the ICoC Association (ICoCA). A representative of the UK government sits as a Director on the Board of ICoCA. ICoCA has moved into an operational phase and member companies are going through the process of certification to ICoCA's operating standards. ICoCA also has a mechanism for complaints to be received by the organisation at which point a process of assessment and follow up will be initiated. ICoCA has also conducted monitoring missions to talk to private security companies, clients and NGOs about current issues and landscape for provision and use of security around extractive operations. The UK continues to encourage all states, businesses and NGOs contracting PSCs to recognise ICoCA membership and certification to relevant standards in their contracting processes.

D. Lessons and Issues

In the future, the UK believes the VPI should focus on:

- i. increasing membership of the corporate, NGO and government pillars to ensure wider commitment to the VPs;
- ii. increasing the impact of the Voluntary Principles through the in-country working groups in Burma, Ghana, Nigeria and Peru in order to encourage exchange of best practice and key stakeholders working together;
- iii. identifying key countries in order to advance implementation on the ground, including establishing new in-country working groups;
- iv. ensuring the VPI is a sustainable initiative able to deliver for its members on a firm financial footing.

As Chair of the VPI the UK has been encouraged by the enthusiasm and engagement shown by members. The Steering Committee, Secretariat, and other members have collaborated closely in efforts to advance and improve the Voluntary Principles.

Following a robust tender, the VPI have appointed Compass Consulting International Ltd as a permanent Secretariat. The UK looks forward to working with the new team.

Although we step down as Chair in March 2019, we will continue to play a full role in the forthcoming year as one of the Government pillar representatives on the Steering Committee. We look forward to supporting the Government of Switzerland during their term of office.