

**AGREEMENT ON  
INTERNATIONAL RESPONSIBLE BUSINESS CONDUCT  
OF COMPANIES IN THE NETHERLANDS WITH GOLD OR  
GOLD BEARING MATERIALS IN THEIR VALUE CHAINS**

*Working towards a responsible gold value chain*

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## **1. Preamble**

By means of this Agreement, the Parties aim to achieve a material positive impact in the international gold supply chain and reduce (potentially) adverse human rights impacts and/or negative environmental impacts. In the context of this Agreement, the Parties promote individual company due diligence and joint efforts to directly alleviate adverse impacts and contribute to the increase of supply and demand of gold produced under improved social and environmental conditions. The Parties endeavour to cooperate in finding and implementing solutions to address problems that companies cannot solve individually.

The Parties to the Agreement accept the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as the reference for International Responsible Business Conduct in a globalised economy. The Parties realise that companies, in their endeavour to act in conformity with these guidelines and principles, face challenges including the lack of adequate and easily available information on actual and potential human rights violations and environmental impacts. The complexity of the international value chain and its (potential) connection to conflict affected and high risk areas, calls for collective leverage to prevent or mitigate adverse impacts. By participating in this Agreement and by working together, the Parties are committed to support companies in their implementation of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Simultaneously, the Parties ambitiously strive for concrete positive impact in and around gold mines and in collecting and recycling waste from electrical & electronic equipment (e-waste). Signifying the transition towards a circular economy, the Parties regard e-waste as a valuable resource, rather than a waste. Companies adhering to this Agreement will benefit from the shared and collective knowledge of the parties, opportunities for collective leverage and support from the Parties for their endeavours to follow the OECD due diligence guidance.

The Parties promote respect for human rights, working conditions and environmental protection throughout the international gold sector and will liaise with their counterparts at the European, UN, OECD and other international levels and in their networks. They will motivate other companies, trade associations, governments, trade unions and civil society organisations worldwide to join their efforts and therewith increase the impact of this Agreement.

## WHEREAS:

### 2. Considerations

- 2.1 The mining and processing of gold are associated with a heightened risk of violations of human rights, labour rights and environmental safeguards, as set out in the 2014 KPMG CSR sector risk assessment<sup>1</sup> and the 2015 Profundo report<sup>2</sup>. Based on these reports, parties have identified risks and (potential) issues as listed in Annex I. The most pressing ones are prioritized in and around mines, with specific concerns regarding Artisanal and Small Scale Mines (ASM);
- 2.2 In its utilisation of natural capital, humanity is reaching the capacity of the earth. A transition towards a circular economy can address the increasing demand for raw materials and the world wide strain on sustainability by enabling the efficient and sustainable production and consumption of materials through i.a. urban mining, eco-design of products and materials, product life-time extension and recycling.<sup>3</sup>
- 2.3 Through the international gold supply chain, companies that handle gold or gold bearing materials are at risk of being linked or (indirectly) contributing to human rights violations and/or violations of environmental safeguards;
- 2.4 The Dutch gold sector can be summarised in a few sentences:
  - From an international perspective, the Dutch gold sector is relatively small;
  - There has been an increase in the amount of electronic scrap that contains gold and that can be recycled;
  - In the Netherlands, gold is primarily used in jewellery, electronics, for savings and monetary stock (bullion gold);
  - In addition to the relevance of gold to the financial sector (project financing and investments in gold mining companies as well as in bullion), the gold sector consists predominantly of downstream supply chain actors, either engaged in selling finished products, subcontracting assembly or supply of products or turning semi-finished products into final products.
  - The Dutch specialised jewellery sector is rather structured, with many goldsmiths and jewellers sourcing a substantial share of their products from a relative small number of wholesalers or manufacturers;
  - Based on the CBS-trade figures for gold<sup>2</sup>, it is estimated that a large percentage of the gold that is being used in the Netherlands' jewellery sector comes from recycled sources;
- 2.5 The normative landscape is becoming more and more explicit and companies are expected to exercise their responsibility to respect human rights and environmental safeguards and to be transparent about this. They are also expected to address issues such as money laundering and tax evasion, with the intention of eliminating these issues in the international supply chain;
- 2.6 The above is reflected in EU, international and national laws and various international guidelines, including the OECD Guidelines for Multinational Enterprises (the "OECD Guidelines"), the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas including a Supplement on Gold (the "OECD Due Diligence Guidance"), the United

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<sup>1</sup> <https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/rapporten/2014/09/01/mvo-sector-risico-analyse/mvo-sector-risico-analyse.pdf>

<sup>2</sup> <http://www.profundo.nl/files/download/BUZA1507.pdf>

<sup>3</sup> A Circular Economy in the Netherlands by 2050: The government-wide program for a circular economy <https://www.government.nl/ministries/ministry-of-infrastructure-and-the-environment/documents/policy-notes/2016/09/14/a-circular-economy-in-the-netherlands-by-2050>

Nations Guiding Principles on Business and Human Rights (UNGP), Children's Rights and Business Principles, the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Convention concerning the Minimum Age for Admission to Employment, 1973 (No.138), the ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999 (No. 182) and the Directive (EU) 2015/849 – Prevention of the use of the financial system for the purposes of money laundering;

- 2.7 All companies, organisations and individuals operating or based in the Netherlands are expected to do business with respect for human rights and environmental safeguards. For Multinational Enterprises (MNE) this is laid down in the OECD Guidelines and the UNGP;
- 2.8 The current scope of application of this Agreement is limited and by itself will not directly lead to a transformation of the international gold sector, rather it encourages good practice regarding the supply and sourcing of gold. Through this Agreement, the Parties intend to set things in motion, make an initial step towards responsible sourcing of gold and function as a catalyst for other companies in the international gold sector;
- 2.9 The Parties promote individual company due diligence and joint efforts to directly alleviate adverse impacts and contribute to the increase of supply and demand of gold produced under improved social and environmental conditions.
- 2.10 In conformity with the UNGP, the Government has the duty to protect human rights and to promote international cooperation for human rights<sup>4</sup>. The Government also endorses the Council of Europe Recommendation on human rights and business of 2 March 2016, which contains guidance to States on the effective implementation of the UNGP, including on the State duty to protect and on strengthening access to remedy for victims of business-related human rights abuse. By fostering agreements like this one, the Government gives substance to the wider governmental duty to protect human rights;
- 2.11 The EU Regulation on Conflict Minerals will require European importers of gold to have due diligence and reporting processes in place to ensure that the imported gold has not contributed to the serious violations as mentioned in the OECD Due Diligence Guidance. The Government will apply the European Regulation on Conflict Minerals in a swift and effective manner;
- 2.12 In its policy letter 'Corporate Social Responsibility Pays Off',<sup>5</sup> the Government highlights the importance of Dutch companies' responsible business behaviour, especially through early identification and prevention of social and environmental risks in international value chains;
- 2.13 In its advisory report 'Agreements on International Responsible Business Conduct (IRBC)',<sup>6</sup> the Social and Economic Council (SER) states that these Agreements offer companies the opportunity to increase their leverage by working together at sector level with the Government and other parties in order to address specific complex problems in a structured and solution-oriented manner. It advises that arrangements and commitments on IRBC should preferably be laid down in such Agreements;
- 2.14 All parties consider tax avoidance and money laundering as serious matters within the broader issue of corporate social responsibility because it has

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<sup>4</sup> UNGP Principle 1 and Principle 10. C

<sup>5</sup> <https://www.government.nl/binaries/government/documents/policy-notes/2013/06/28/csr-pays-off/csr-pays-off.pdf>.

<sup>6</sup> <http://www.ser.nl/~media/files/internet/talen/engels/2014/international-responsible-business-conduct.ashx>.

- potentially serious adverse consequences at all stages in the supply chain<sup>7</sup>;
- 2.15 International Responsible Business Conduct is a prerequisite for a meaningful contribution of businesses to the 17 Sustainable Development Goals (SDGs) that comprise the Agenda for Sustainable Development 2015-2030 as adopted by the United Nations. Efforts to achieve the SDGs in and by the Netherlands are characterised by cooperation among ministries and actors in society (such as private companies and civil society organisations). The following SDGs in particular are relevant to the international gold industry: SDG1: 'no poverty', SDG3: 'good health and well-being', SDG4: 'quality education', SDG8: 'decent work and economic growth', SDG9: 'industry, innovation and infrastructure', SDG11: 'sustainable cities and communities', SDG12: 'responsible consumption and production', SDG14: 'life below water', SDG15: 'life on land', SDG16: 'peace and justice, strong institutions' and SDG17: 'partnerships for the goals'. With this Agreement, the Parties aim to contribute towards these goals;
- 2.16 The Parties acknowledge their obligations under all national and international competition laws and regulations and will act in accordance therewith. It is not the intention of the Parties to restrict competition on the gold market to the disadvantage of consumers. To the best of their knowledge, the Parties are convinced that they concluded this Agreement within the boundaries of European and national competition law.

### **3. Nature of the Agreement and Roles of the Parties**

- 3.1 This Agreement ("Agreement") will enter into force after the Parties have signed it, on the date it is published in the Dutch Government Gazette (Staatscourant). It has a duration of five years from the date of publication.
- 3.2 The Agreement, possibly in amended form, can be extended by one or more years, one year before expiry, if the Parties agree to do so. A Party may notify the Steering Committee about its unwillingness to extend the Agreement, in which case an extended Agreement does not apply to that Party.
- 3.3 The OECD has published the OECD Due Diligence Guidance as a practical application of the OECD Guidelines for the gold value chain. This Agreement includes a practical application of the OECD Due Diligence Guidance. In case of ambiguity, the OECD Guidelines and the OECD Due Diligence Guidance precede.
- 3.4 For the effective implementation of the OECD Guidelines and the UNGP, stakeholder engagement is considered essential. The multi stakeholder nature of this Agreement is reflected in the diversity and participation of three constituencies:
- a. Business: Companies and Trade Associations of downstream companies
  - b. Civil society: Civil society organisations and labour unions
  - c. Government: national government(s) and/or subnational government(s)
- 3.5 The parties to this Agreement (the "Parties", individually: a "Party") are:
- a. The companies as listed in Annex II (the "Companies");
  - b. The trade associations of downstream companies as listed in Annex II (the "Trade Associations"), representing their member companies (the "Member Companies")<sup>8</sup>
  - c. The civil society organisations as listed in Annex II (the "CSOs");

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<sup>7</sup> Motion by Members of Parliament Carola Schouten and Rik Grashoff on international policy concerning taxes and tax treaties, no. 25 087.

<sup>8</sup> A Member Company signing this Agreement individually is referred to as "Company".

- d. The labour unions as listed in Annex II (the "Unions");
  - e. The governmental parties as listed in Annex II (the "Government").
- 3.6 Companies generate jobs and prosperity, innovation and economic growth. When dealing with gold or gold bearing materials in their supply chains, the Companies can make a material contribution towards mitigating and preventing adverse impacts in the gold supply chain. Companies can also make a positive contribution to increase the supply and demand of gold produced under improved social and environmental conditions;
- 3.7 Trade Associations provide structure in their sector/trade and can help and support individual Member Companies to implement the Due Diligence Guidance through knowledge distribution and promoting collective best practices.
- 3.8 The role of CSOs is varied. CSOs are important stakeholders for the effective implementation of the OECD Guidelines and the UNGP. They have a constructive role in implementing this Agreement, specifically with regards to positive impact projects and (international) outreach, as well as an independent critical role to monitor public interest (investigate and publish independently about gold supply chain issues). Any finding specifically linked to a Party to this Agreement will be shared with that Party for review and to provide feedback, before publication. That Party will have a minimum of 2 weeks to react and the CSO will incorporate that reaction into the publication.
- 3.9 The role of labour unions is through their international network of unions and organisations promoting the employer-worker-dialogue and the implementation of the ILO conventions.
- 3.10 The Government fulfils several roles: in ensuring that policies focus on sustainable and inclusive growth, in relation to international trade and development cooperation, in bilateral and multilateral diplomatic relations, and as financier, buyer, shareholder, policymaker striving for policy coherence, convening power and coordinator with other agreements on International Responsible Business Conduct.
- 3.11 The Parties are expected to follow up on their commitments as laid down in this Agreement and to contribute to the implementation of the Agreement. For this, they accept accountability towards each other.
- 3.12 The Parties will make known to their staff and management and to external parties that this Agreement has been concluded and that they subscribe to its objectives and will perform the activities described in this Agreement, in as far as they fall within the scope of their organisation. Within 1 month after signing, the Parties will have informed their staff and management and most relevant external parties.
- 3.13 The Parties can communicate individually in support of this Agreement. Collectively, the Parties will agree on shared communication. One of the Parties can communicate on behalf of all the Parties, when agreed upon in the Steering Committee.
- 3.14 The Parties call upon other actors such as investors, traders, financiers and users of gold to join their efforts and therewith increase the impact of this Agreement. Therefore, the Agreement is open to the admission of other parties. Other organisations may become a Party or become a supporting organisation to the Agreement (the "Supporting Organisation") as stakeholder on approval of the Steering Committee, based on their merits.

## THE PARTIES AGREE TO THE FOLLOWING:

### 4. Conducting Due Diligence

#### General

- 4.1 The Parties consider the OECD Due Diligence Guidance as the touchstone for responsible business conduct and manual for implementing due diligence, applicable to all businesses with gold or gold bearing materials in their supply chains.
- 4.2 Due diligence is an on-going, proactive and reactive process through which businesses can ensure that they respect human rights and environmental safeguards and do not contribute to conflict.
- 4.3 Risk-based due diligence refers to the steps businesses should take to identify and address risks in order to prevent or mitigate adverse impacts associated with their activities or sourcing decisions.
- 4.4 In the OECD Due Diligence Guidance “risks” are defined in relation to the potentially adverse impacts, which result from a company’s own activities or its relationships with third parties, including suppliers and other entities in the supply chain.
- 4.5 The Parties agree that due diligence efforts should contribute to avoiding or mitigating adverse impacts, promoting progressive improvement to due diligence practices through constructive engagement with suppliers and avoiding a de facto boycott of gold from high risk or conflict affected areas and/or ASM-gold.
- 4.6 The Companies may cooperate to carry out the recommendations in this section through joint initiatives. However, a Company retains individual responsibility for its due diligence, and should ensure that any joint initiative duly takes into consideration circumstances specific to that individual Company.
- 4.7 The OECD Due Diligence Guidance has specified and prioritised the expectations for the gold sector. The purpose of this Guidance is to help businesses respect human rights and avoid (indirectly) contributing to conflict through their sourcing decisions, including the choice of their suppliers. The OECD Due Diligence Guidance recommends all businesses to follow a 5 step framework:
  1. Establish a strong company management system that ensures effective due diligence;
  2. Identify and assess risks in the supply chain (including extraction, consolidation, transport, trading and export of gold, paying specific attention to the possibilities of gold coming from conflict or high risk areas);
  3. Design and implement a strategy to respond to identified risks (thus preventing or mitigating adverse impacts);
  4. Carry out or ask for independent third party audits of refiners’ due diligence practices (contributing to the improvement of refiner and upstream company’s due diligence);
  5. Report annually on supply chain due diligence in order to generate public confidence in measures businesses are taking (providing transparency of the supply chain and progress made on mitigating or alleviating identified risks).
- 4.8 The OECD Due Diligence Guidance describes refiners (smelters) as the relevant choke-point in the gold supply chain and defines upstream companies (miners to and including refiners) and downstream companies (from refiners to and including retailers).
- 4.9 The Parties recognise existing industry programmes’ standards and systems, certification and verification mechanisms that comply with the OECD Due

Diligence Guidance and will be cross-recognized by the European Union under the conflict minerals regulation as important instruments for supply chain due diligence.

- 4.10 Existing industry programmes such as the Conflict Free Smelter Initiative (CFSI), ITRI Tin Supply Chain Initiative (iTSCi), London Bullion Market Association (LBMA), Responsible Jewellery Council (RJC), Dubai Multi Commodities Centre (DMCC) are currently part of an alignment assessment of industry initiatives with the OECD Due Diligence Guidance.<sup>9</sup> In addition, the Initiative for Responsible Mining Assurance (IRMA) is a multi-commodity assurance program for responsible mining and the Waste Electric and Electronic Equipment LABEL of EXcellence (WEELABEX) is a quality standard for collection, storage, transport, processing, recycling and reuse of e-waste.
- 4.11 Referring to the Appendix of the OECD Due Diligence Guidance Suggested Measures to Create Economic and Development Opportunities for Artisanal and Small-Scale Miners and the OECD booklet on Responsible Supply Chains in Artisanal and Small-Scale Gold Mining<sup>10</sup>, specific standards and certifications exist for the mitigation of social and environmental risks in Artisanal and Small Scale Mines (e.g. Fairtrade, Fairmined).
- 4.12 The Parties welcome the alignment assessment of industry initiatives versus the OECD Guidelines as undertaken by the OECD and will actively support its follow-up actions, in addition to policies under development to promote urban mining, circular-design, a larger uptake of recycled gold and recycling.
- 4.13 Building on this alignment assessment and other authoritative frameworks on audits and risk mitigation, the Parties jointly strive to improve the effectiveness and scope of these standards and their implementation through active engagement with the standard bodies/organisations and by contributing their knowledge and experience.

In line with the OECD Due Diligence Guidance,

Step 1 (strong management systems):

- 4.14 The Companies will publicly state their supply chain due diligence policy in line with *Annex II of the OECD Due Diligence Guidance* and declare to operate in conformity with the Guidance within 9 months after signing the Agreement.
- 4.15 The Companies will set up an internal management system along the 5 steps of the OECD Due Diligence Guidance, ensuring internal and external accountability, taking responsibility and allocating adequate resources, set up a process to engage with suppliers, establish a system of transparency, information collection and control over the supply chain and have a company (or collaborative) grievance mechanism;
- 4.16 The Companies qualified as upstream companies should – as part of their management system:
  - a. Assign unique reference numbers to all input and output batches;
  - b. Coordinate and support physical security measures used by other upstream companies;
  - c. Inspect all shipments for conformity to the information provided by the suppliers on the types of gold, weight and quality information and report any inconsistencies;
  - d. Physically segregate and secure any shipment with unresolved inconsistencies;

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<sup>9</sup> <https://mneguidelines.oecd.org/industry-initiatives-alignment-assessment.htm>

<sup>10</sup> [http://www.oecd.org/daf/inv/investment-policy/FAQ\\_Sourcing-Gold-from-ASM-Miners.pdf](http://www.oecd.org/daf/inv/investment-policy/FAQ_Sourcing-Gold-from-ASM-Miners.pdf)

- e. Minimise the risk of marginalisation of the legitimate artisanal and small-scale mining sector and/or informal collection of e-waste and – when possible – enable dealing directly with legitimate artisanal and small-scale gold producers and/or legitimate informal collectors/processors of e-waste or their representatives.

4.17 The Companies qualified as downstream companies should – as part of their management system:

- a. Request suppliers to provide identification of upstream gold refiners and have a mechanism to pass on this information to downstream customers, if requested to do so. This can be done individually or through (collective) third party mechanisms that collect, process and disseminate the information along the supply chain in an anonymised manner (e.g. conflict minerals reporting template of the CFSI);
- b. Request verification of due diligence practices of identified refiners. In absence of direct business relationship with refiners, the Companies can apply collective leverage in their efforts to assess the due diligence practices (e.g. through CFSI or by working with suppliers).

Step 2 (identify and assess risks):

4.18 Through their management system, the Companies qualified as upstream companies should – to the best of their ability:

- a. Identify any red flags<sup>11</sup>;
- b. Map the factual circumstances of the Company's red flagged supply chain(s) and assess risks.

4.19 Through their management system, the Companies qualified as downstream companies should – to the best of their ability:

- a. Identify the refiners in their supply chain. If they are unable to identify refiners, demonstrate significant improvements in their efforts towards identifying refiners, possibly collaboratively;
- b. Obtain confirmation of the refiners' due diligence practices to see whether they have identified or reasonably should have identified, any red flags in their supply chains (e.g. using standards as referred to in article 4.9);
- c. Assess the due diligence practices of the refiners against the OECD due diligence policy and/or determine whether the refiners' due diligence practices have been audited to be in accordance with the OECD Due Diligence Guidance (e.g. using standards as referred to in article 4.9).

4.20 No additional due diligence is required for a supply chain where a Company qualified as a downstream company can reasonably determine that red flags do not arise. The Company should however maintain its management system (including step 3), repeat its due diligence regularly and report annually (step 5).

Step 3 (respond to identified risks):

4.21 As part of their management system, the Companies should have a documented process in place describing how they operate in case they have identified red flags within their supply chain, or cannot reasonably exclude them. In such a case a Company should:

- a. Ensure the findings are reported to senior management;
- b. Enhance the internal systems of transparency, information collection and control over the gold supply chain;
- c. Devise and adapt a risk management/remediation plan;

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<sup>11</sup> As defined in section I under step 2 of the OECD Due Diligence Guidance (p. 79)

- d. Implement the risk management/remediation plan and monitor its performance;
- e. Undertake additional fact and risk assessments after any change in circumstances;

Step 4 (third-party audit of refiners' due diligence practices):

4.22 The Companies should carry out or ask for confirmation of a 3rd party audit of the refiners' due diligence practices against a standard as referred to in article 4.9.

Step 5 (report annually):

4.23 The Companies shall (help) increase the transparency of the supply chain by publicly reporting annually on the progress they have made in mitigating any adverse effects. The OECD Due Diligence Guidance provides detailed information on reporting requirements for upstream companies, refiners and downstream companies.<sup>12</sup> This includes:

- a. Company management systems: Report on steps taken to implement Step 1.
- b. Risk assessment: Report on steps taken to implement Step 2.
- c. Risk management: Report on steps taken to implement Step 3.

4.24 In addition to the above, refiners should also publish the summary audit reports with due regard taken of business confidentiality<sup>13</sup> and other competitive or security concerns. The summary audit report should include:

- a. Refiner details and the date of the audit;
- b. The audit activities and methodology, where a standard as referred to in article 4.9 has not published these details;
- c. The audit conclusions, as they relate to each step of the OECD Due Diligence Guidance.

Stimulating and supporting due diligence

4.25 The Trade Associations will develop a Code of Practice in accordance with the Guidance, applicable to the Member Companies they represent, within 6 months after signing. Member Companies will be invited and strongly encouraged to follow the Code of Practice and new Members Companies will be obliged to sign up to the Code of Practice<sup>14</sup>.

4.26 The Trade Associations will actively provide information and support material to individual Member Companies to raise awareness and help them implement the Code of Practice. Larger Member Companies and Member Companies that are distributors are encouraged to sign this Agreement individually as Company.

4.27 The Trade Associations will monitor and annually report on the uptake of the Code of Practice amongst their Member Companies, based on annual, individual self-declaration of Member Companies and periodical sample audits. (Alleged) breaches of the Code of Practice can be brought to the board of the Trade Association by a party of interest.

4.28 Following a Code of Practice is recognised as an appropriate implementation of the OECD Due Diligence Guidance, if – at minimum – such a Code of Practice:

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<sup>12</sup> As defined under step 5 of the OECD Due Diligence Guidance.

<sup>13</sup> Business confidentiality and other competitive or security concerns can limit this reporting. However the identity of the refiner and the local exporter located in red flag locations should always be disclosed except in cases of ending the business relationship.

<sup>14</sup> Requirements for new members could be subject to approval of the membership assembly of a Trade Association according to statutory requirements.

- a. Is publicly available;
  - b. Is based on the OECD Due Diligence Guidance;
  - c. Underlines the goals and ambitions of this Agreement;
  - d. States the (collective) supply chain due diligence policy in line with *Annex II of the OECD Due Diligence Guidance*;
  - e. Describes the (collective) IRBC risk management system and how individual Member Companies can contribute to it by (inter alia):
    - Requesting suppliers to follow the OECD Due Diligence Guidance;
    - Making inquiries on the refiners that have been identified and how their due diligence practices have been assessed;
    - Asking suppliers to report on any identified upstream risks and how they are managed;
    - Reporting on the number of their suppliers that follow the OECD Due Diligence Guidance, the refiners that have been identified and the management/mitigation of any identified risks;
    - Indicating any difficulties they have incurred in the above steps;
  - f. Describes the procedure for (alleged) breaches of the Code of Practice or deficient compliance with the Code of Practice;
- 4.29 The Government will acknowledge the above efforts of the Companies and the Member Companies of Trade Associations, when evaluating the IRBC-related conditions that are imposed on applicants for governmental financial support for international trade under existing trade support instruments;
- 4.30 The Government is committed to procuring gold and gold bearing materials responsibly with respect for human rights and the environment as laid down in the Manifest Responsible Procurement of December 2016 (*Manifest Maatschappelijk Verantwoord Inkopen*) and will report on progress in this area, biannually.
- a. The Government will make use of the possibilities that exist under European and national law to include IRBC requirements in its procurement processes. Within 2 months after signing of this Agreement, the Government will adapt its procurement conditions (*Inkoopbeleid Internationale Sociale Voorwaarden*), requesting a due diligence report for risks sectors (as based on the KPMG CSR sector risk assessment), including gold and electronics.
  - b. The Government will pilot the purchasing of electronic equipment in line with its responsible procurement action plan, with the aim to further develop criteria for the procurement of electronic equipment that rewards compliance with the OECD Due Diligence Guidance.
  - c. In case of public tendering (above the EU mandatory threshold) that is relevant to this Agreement, the Government will evaluate a business' due diligence efforts and positive contributions in the supply chain through the bid-documents and may turn to the Parties of this Agreement for additional guidance.
  - d. The Government will make the procurement offices of the national, provincial and local (municipalities) levels of government and the European institutions aware of the OECD Guidelines, OECD Due Diligence Guidance and this Agreement.
- 4.31 The Government will follow the OECD Due Diligence Guidance in all sales and purchases of gold bullions bars by the Government and related institutions and report on it, annually.
- 4.32 The Parties support the phrase *working towards a responsible gold value chain* to be used by the Companies that implement this Agreement and the Member Companies of Trade Associations that follow the Code of Practice in

communication towards the (general) public. This phrase is not a label and does not declare anything about the origin of gold or the way it has been produced.

- 4.33 The Government commits to also advocate *working towards a responsible gold value chain* as an umbrella term at EU and at international level. It aims to convince at least one other European government to also have an agreement on international responsible business conduct in the gold supply chain or join this Agreement by the end of 2020.
- 4.34 The Parties call upon other companies and trade associations to join this practical implementation of the Guidance.

#### Disclosure of refiners

- 4.35 The Companies are encouraged to voluntarily publicly disclose the refiners they have been able to identify in their value chains and also declare where possible, what due diligence practices refiners are using.
- 4.36 As an alternative to 4.35, the Companies will support disclosure by sending details of the refiners they have identified, including information on the refiners' due diligence practices to the Secretariat (referred to in article 7.7, as appropriate). Ensuring safeguards for competitively sensitive information, Trade associations will do so at an aggregate level on behalf of the Member Companies.<sup>15</sup> The Secretariat will collect, process and anonymise the information so that it can be shared with the Parties and provide input for their collective leverage efforts as described in article 6.6.
- 4.37 The Parties to this Agreement recognise that public disclosure of refiners improves transparency of the supply chain. The sensitivity and difficulty in obtaining and providing this information is also understood. The Parties share the ambition of improved supply chain transparency and work towards public disclosure of identified refiners as part of the annual reporting on OECD compliance by year 5 of this Agreement.<sup>15</sup>

## **5. Directly creating positive impacts on the ground**

- 5.1 In addition to these due diligence efforts, the Parties strive for positive impacts upstream, beyond the refiner, by initiating, supporting, engaging in or contributing to concrete projects, addressing the issues as identified in Annex I. This can take the form of:
- a. Integrate gold, produced under improved social and environmental conditions in a Company's supply chain;
  - b. Promote gold, produced under improved social and environmental conditions to a Company's customers;
  - c. Contribute a Party's human resources to a project;
  - d. Support a project financially;
  - e. Other types of participation to be specified in the specific project plans.
- 5.2 The Parties strive to increase (the portion of) the supply and demand of gold, produced under improved social and environmental conditions, including legitimate ASM-gold and legitimately urban mined. It is recognised that (the production of) such gold should be underpinned by a self-supporting business model.
- 5.3 Positive impact projects that the Parties jointly engage in are concrete, scalable,

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<sup>15</sup> Business confidentiality and other competitive or security concerns can limit this reporting. However the identity of the refiner and the local exporter located in red flag locations should always be disclosed except in cases of ending the business relationship.

long term sustainable and typically contribute to the following tangible results (inter alia):

- a. Improved livelihoods in and around the mines or sites for e-waste collection and processing, in terms of:
    - The number of miners/collectors positively affected;
    - The number of children positively affected;
    - The price paid for gold to the miners or for e-waste to the collectors;
  - b. Improved water quality in and around the mines or e-waste collection and processing sites;
  - c. Increased supply and demand of gold, produced under improved social and environmental conditions (e.g. as described above), in terms of:
    - The amount of gold, produced under improved social and environmental conditions;
    - The number of (ASM) mines under improved social and environmental conditions;
    - The number of sales points of (ASM-)gold, produced under improved social and environmental conditions;
    - The number of companies that actively integrate (ASM-)gold, produced under improved social and environmental conditions in their products;
- 5.4 Within 3 months after signing the Agreement, the Parties will make a thorough inventory of existing positive impact projects (including projects concerning e-waste). Parties can also propose projects to be developed. Within 3 months thereafter, the potential of all Parties to join or support each project will be catalogued.
- 5.5 Facilitated by the Steering Committee, the Parties will evaluate the projects' contribution to the overall aim of the Agreement and will openly discuss among each other their willingness and possibilities to support a project and allocate means (in kind or financially).
- 5.6 The Parties strive to support positive impact projects when they can have a meaningful and measurable effect. As a first initiative, parties are jointly developing a project to pilot a replicable and scalable approach to reduce child labour in and around an ASM-area (see description in Annex III).
- 5.7 The Parties aim to mobilize funding for these positive impact projects, either from own means or by soliciting funds from third parties.
- 5.8 The actual project management of individual projects is not part of this Agreement. However, a Party can assume responsibility for project management and/or act as liaison between a project and the Parties of this Agreement.
- 5.9 In further support of these projects and to achieve material positive impact, the Parties recognise it is critical to cooperate with other (international) initiatives.

## **6. Increasing and using our collective leverage**

- 6.1 The Parties acknowledge that the Dutch gold sector comprises more (types of) companies that are not yet part of this Agreement. For example banks, investors, Dutch entities of international mining companies, other technology & electronics companies, etc.
- 6.2 To strengthen their collective leverage, the Parties invite other companies, trade associations and other organisations to sign the Agreement. The Parties aim to bring the number of signatories to 40 within 2 years after signing the Agreement, reflecting the diversity in the gold value chain and focussing on players with significant market impact.

- 6.3 In addition, the Parties invite other organisations to join as stakeholder or otherwise, furthering the support for the goals of the Agreement. The Parties aim to have at least 10 such organisations within 2 years after signing the Agreement.
- 6.4 The Parties will collaborate with the European Partnership for Responsible Minerals (EPRM) with the aim of:
- a. Making use of the knowledge platform of the EPRM to inform due diligence practices in Netherlands;
  - b. Stimulate synergies between the positive impact projects of this covenant and the EPRM funded projects;
  - c. Engage in joint outreach efforts where appropriate.
- 6.5 Individually and collectively, the Parties will inform, exchange knowledge and share expertise on the implementation of due diligence in the gold chain with other relevant stakeholders, initiatives and other sector agreements on International Responsible Business Conduct.
- a. The Parties are willing to provide their knowledge, experience and expertise with respect to the OECD Due Diligence Guidance and this Agreement to the relevant category managers and departments of the Government, on request.
- 6.6 Collectively, the Parties will use their leverage to:
- a. Request identified refiners to:
    - Publicly disclose the countries where they source gold from;
    - Publicly disclose the risks identified in their due diligence;
  - b. Work with selected standard setters and certification bodies to:
    - Increase their uptake;
    - Improve the effectiveness of standards and certification schemes;
    - Promote public disclosure of risk assessments
  - c. Promote responsible collection and recycling of E-waste.
    - Increase the number of (electronics) industries that reach a significant (60%+) rate of e-waste recycling;
    - Promote clear policies for e-waste recycling and proper collection and recycling of e-waste in developing countries.
- 6.7 Supported by the other Parties, the Government commits to:
- a. Draw systematic attention to challenges in the gold supply chain in bilateral contacts with governments of at least two gold-producing countries and countries with (potentially) significant e-waste problems, whether or not these have been raised as actors of concern by parties to the Agreement;
  - b. Explore possibilities to strengthen the use of supplementary corporate social responsibility criteria in public procurements of gold or gold bearing materials by EU institutions;
  - c. In its bilateral contacts, encourage countries that have not yet signed the Minamata Convention on Mercury to do so, ultimately with a view to having the convention enter into force as soon as possible;
  - d. Stimulate gold-producing countries that are not yet participating in the Extractive Industries Transparency Initiative and the Voluntary Principles on Security and Human Rights by reaching out annually to two countries to accede to these initiatives, and itself be active in their boards in 2017 and 2018;
  - e. Set up a collaboration network with Dutch embassies in countries that produce, process and buy gold and/or collect or process e-waste, with two aims:

- Demand-driven knowledge development of embassy staff and foreign ministry officials in The Hague that work directly or indirectly with gold, e-waste or other related issues;
  - Help to make this Agreement more effective;
  - f. Publicly call on relevant companies to join the Agreement;
  - g. Stimulate the Dutch-subsidiaries of international gold mining enterprises to become signatories to this Agreement and/or act in accordance with this Agreement and:
    - Analyse if they act in accordance with the OECD Due Diligence Guidance and annually track and report on progress;
    - Organize a conference with them, annually, to discuss the findings of this analysis;
    - Take appropriate action for those that aren't cooperating or are in violation of this covenant.
- 6.8 The Parties seek to create synergy between this Agreement and other Agreements, for instance with – but not limiting to - the *Dutch Banking Sector Agreement on international responsible business conduct regarding human rights*. The Parties will offer their services to the due diligence analysis with respect to gold that will be executed by the parties of the banking sector agreement, and aim to make use of the recommendations of that analysis, as long as it pertains to the objectives of this Agreement. Any Party to this Agreement that is also party or adhering company to the Dutch Banking Sector Agreement, will - if appropriate - propose additional joint outreach/leverage activities on the basis of the gold due diligence analysis.
- 6.9 The Parties will also seek to contribute knowledge and expertise to the other relevant responsible business conduct agreements that are being developed, with respect to issues related to gold. Among others, the Parties intent to collaborate with the metallurgical sector to jointly increase their leverage.

## **7. Governance, implementation and funding**

### Steering Committee and Working Groups

- 7.1 The implementation of the Agreement is governed by a steering committee (the "Steering Committee") in which the three constituencies (Business, Civil Society, Government) are represented. Each constituency appoints two (2) members to the Steering Committee.
- 7.2 The Steering Committee is chaired by an independent chairperson, jointly appointed by the Parties. The Chairperson can act as ambassador of the Agreement on behalf of the Parties.
- 7.3 The Steering Committee will decide upon and design its own working method. The Steering Committee takes decisions unanimously and convenes at least four times in the first year of implementations. In the last meeting of each year, the Steering Committee will decide on an appropriate frequency for the next year.
- 7.4 Each Party has the right to ask for a decision of the Steering Committee in respect of any matter in connection to this Agreement.
- 7.5 The Steering Committee is responsible for dealing with day-to-day governance issues for the implementation of the Agreement. It is responsible for, inter alia:
- a. Safeguarding an appropriate contribution by the Parties to the activities and the results;
  - b. Monitoring of due diligence reporting, progress of positive impact projects and efforts for collective leverage;

- c. Convening a general assembly of the Parties (the "General Assembly") at least twice per year to inform the Parties of the steps taken to implement this Agreement;
  - d. Agreeing on and managing the budget;
  - e. Providing the Parties with recommendations for improvement or adaptations of the (implementation of) the Agreement, where needed;
  - f. Making public an annual progress report of the implementation progress of this Agreement two months after the ending of the second quarter of each year of implementation.
- 7.6 The Steering Committee can install and discharge working groups (the "Working Groups") to support the implementation of the Agreement. Each Working Group consist of at least one member per constituency and reports to the Steering Committee. At the start of this Agreement, 3 Working Groups are installed (see Annex IV):
- a. Working Group 1: Due diligence support and monitoring
  - b. Working Group 2: Positive impact projects
  - c. Working Group 3: Increasing and using collective leverage
- 7.7 The Parties have asked the Social and Economic Council of the Netherlands (SER) to host an independent secretariat to assist the Steering Committee and coordinate the Working Groups. The obligations and activities will be laid down in a separate agreement for services (*overeenkomst van opdracht*).
- 7.8 Annually, the secretariat of the Steering Committee (the "Secretariat") will draw up the draft annual budget for all costs associated with carrying out the obligations and activities following from the Agreement. The annual budget will be discussed and agreed with the Steering Committee, before being adopted. Any changes to the draft budget will need to be discussed with and approved by the SER. If additional (unforeseen) activities need to be financed under the annual budget, Parties will either (i) readjust their ambitions of carrying out the obligations and activities following from the Agreement, or (ii) agree on an extension of the annual budget and a strategy of obtaining additional resources.

#### Implementation

- 7.9 The annual information on due diligence reporting provided by the Companies and Trade Associations will be sent in the second quarter of each year to the Secretariat. Reasons for non-disclosure need to be explained. The Secretariat will aggregate and anonymise any competitively sensitive information and direct the information to the Working Group *due diligence support and monitoring*. The Working Group will assemble and analyse the information for an annual monitoring report. The Secretariat will provide the annual monitoring report to the Steering Committee. Competitively sensitive information provided by individual Companies will not be shared with any representative of any other Company;
- 7.10 The Secretariat will treat any competitively sensitive information received from the Companies and Trade Associations as strictly confidential. No Party or Supporting Organisation will receive this competitively sensitive information. The Secretariat will aggregate and anonymise any competitively sensitive information so that this aggregated and anonymised information can be shared. In this regard, the Parties will sign a confidentiality protocol in which the exchange of competitively sensitive information will be further specified.
- 7.11 The Working Group *Positive impact projects* will make thorough inventory of existing positive impact projects in the gold sector and identify the potential of all Parties to join or support each project. This living document will be discussed in

the Steering Committee and General Assembly and is available upon request. The working group collects high level progress information of the project(s) and impact data of the indicators mentioned in section 5. The Secretariat will provide an annual impact projects report to the Steering Committee.

7.12 The Working Group *Increasing and using collective leverage* will design a strategy and action plan to organise collective leverage serving several purposes with different target groups:

- a. Increase the number of signatories to the Agreement and other supporters of the Agreement;
- b. Exchange information and/or share expertise;
- c. Influence others;

The Working Group collects progress information of the collective leverage efforts through the indicators mentioned in section 6. The Secretariat will provide the annual collective leverage report to the Steering Committee.

7.13 After the first year of implementation, the Parties will evaluate whether the progress made in all aspects of the Agreement is satisfactory and identify possible next steps.

#### Dispute resolution

7.14 If a dispute arises between a Party and another Party or Supporting Organisation with respect to the fulfilment of the commitments laid down in this Agreement, the parties to such a dispute (the "Disputing Parties") will primarily try to solve their dispute bilaterally in good faith.

7.15 If they cannot reach an agreement, the Steering Committee will deal with the issue. The Disputing Parties should provide the necessary information for a proper assessment of the dispute. The Steering Committee will initiate a dialogue with the Disputing Parties and can opt to invite any Party and third party to participate in this dialogue.

7.16 Within 2 months after this dialogue, the Steering Committee will reach an unanimous decision and recommend the Disputing Parties time-bound follow-up steps. The Steering Committee will make the decision public. If one of the Disputing Parties has appointed a member to the Steering Committee, this member will refrain from the decision making of the Steering Committee.

#### Funding

7.17 The funding of this Agreement is based on a budget which is agreed upon by the Parties.

7.18 Each Party is expected to contribute to the implementation of the Agreement in line with its existing mandate/responsibilities and organise capacity/ability accordingly, inter alia:

- a. Due diligence efforts by the Companies
- b. Support for Companies' due diligence efforts
- c. Contribution to / engagement in positive impact projects
- d. Participation in communication
- e. Outreach to other organisations and initiatives
- f. Contribute to collective leverage

7.19 In addition to these (in kind) contributions, the Parties contribute annually to the cost of the Secretariat of the Steering Committee and the independent chairperson, for the duration of the Agreement. The annual fee for each Party is set at €500 for the first year and will be raised with €50 per year. The Government is willing to augment these contributions to a total of €80.000 per year for the duration of the Agreement.

## 8. Final Provisions

- 8.1 The Parties agree that this Agreement is not an enforceable agreement in law and that disputes about the implementation of this Agreement may be submitted in accordance with Articles 7.14 to 7.16 of this Agreement.
- 8.2 A Party may terminate its commitment to this Agreement, stating the reason or reasons for termination and giving three (3) months' notice to the Steering Committee. All of its commitments in this Agreement will cease to apply as of the date of termination. The Agreement shall remain in full force and have full effect for the other Parties.
- 8.3 All information that the Parties confidentially shared during the Agreement and in relation to the implementation of the Agreement will stay confidential after the duration of the Agreement and/or when a Party has terminated its commitment.

## 9. List of Terms

**Working towards a responsible gold value chain:** Companies or individuals who purchase, trade or work with gold or gold products take appropriate actions to implement this Agreement, implement the OECD Due diligence Guidance and support the increase of supply and demand of gold, produced under improved social and environmental conditions. They promote improved transparency of the gold supply chains and will not knowingly either directly or indirectly harm the environment, human rights, support illegal activity or any activity generally recognized as unacceptable.

**Code of Practice:** Commitments voluntarily made by companies, associations or other entities, which put forth standards and principles for the conduct of business activities in the marketplace.

**Management system:** Management processes and documentation that collectively provide a systematic framework for ensuring that tasks are performed correctly, consistently and effectively to achieve the desired outcomes, and that provide for continual improvement in performance.

**Artisanal or Small Scale Mining (ASM):** Formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is normally low capital intensive and uses high labour intensive technology. "ASM" can include men and women working on an individual basis as well as those working in family groups, in partnership, or as members of cooperatives or other types of legal associations and enterprises involving hundreds or even thousands of miners. For example, it is common for work groups of 4-10 individuals, sometimes in family units, to share tasks at one single point of mineral extraction (e.g. excavating one tunnel). At the organisational level, groups of 30-300 miners are common, extracting jointly one mineral deposit (e.g. working in different tunnels), and sometimes sharing processing facilities.

**ASM Enterprises:** Artisanal and small-scale entities that are sufficiently formalised and structured to carry out this Guidance. As per the Appendix of the OECD Due Diligence Guidance, all artisanal and small-scale miners are encouraged to formalise in this regard.

**Conflict-affected and high-risk areas:** Areas identified by the presence of armed conflict, widespread violence, including violence generated by criminal networks, or other risks of serious and widespread harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars. High-risk areas are those where there is a high risk of conflict or of widespread or serious abuses as defined in paragraph 1 of Annex II of the OECD Due Diligence Guidance. Such areas are often characterised by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence and violations of national or international law.

**Due diligence:** Due diligence is an on-going, proactive and reactive process through which companies can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems. Due diligence can help companies ensure they observe the principles of international law and comply with domestic laws, including those governing the illicit trade in minerals and United Nations sanctions.

**International Responsible Business Conduct (IRBC):** Entails companies' international compliance with laws and guidelines, regarding human rights, environmental protection, labour relations etc., even where these are poorly enforced and through their supply chains. The phrase 'responsible conduct through the chain' has the same connotation as IRBC.

**Industry Programme:** An initiative or programme created and managed by an industry organisation or similar industry initiative to support and advance some or all of the recommendations of the OECD Due Diligence Guidance. An Industry Programme may be a part of the organisation's broader activities that encompass other goals. Any reference in this Agreement to relevant activities and/or initiatives of an Industry Programme is understood to mean that such activities and/or initiatives will be consistent with the OECD Due Diligence Guidance.

**Institutionalised Mechanism:** An organisation created by and composed of representatives of governments, industries and civil society with a mandate to support and advance some or all of the recommendations of the OECD Due Diligence Guidance. Any reference in this Agreement to relevant activities and/or initiatives of an Institutionalised Mechanism is understood to mean that such activities and/or initiatives will be consistent with the OECD Due Diligence Guidance.

**International Value Chain:** Concerns a system whereby different phases of production, trade or investment take place in different countries.

**Supply Chain:** Refers to the system of all the activities, organisations, actors, technology, information, resources and services involved in moving gold or gold bearing materials from the source to end consumers.

**Upstream supply chain and Upstream Companies:** Upstream supply chain means the gold supply chain from the mine to refiners. Upstream companies include miners (artisanal and small-scale enterprises or medium and large-scale gold mining companies), local gold traders or exporters from the country of gold origin, transporters, international gold traders of Mined/Recyclable Gold and refiners. Artisanal and small-scale gold producers such as individuals, informal working groups or communities are not expected included as upstream companies for the purposes of carrying out due diligence in line with the OECD Due Diligence Guidance, although they are encouraged to remain involved in due diligence efforts of their customers and formalise so they can carry out due diligence in the future.

**Downstream supply chain and Downstream Companies:** Downstream supply chain means the gold supply chain from refiners to retailers. Downstream companies include refined gold traders and gold markets, bullion banks and exchanges or other entities that do their own gold vaulting, jewellery manufacturers and retailers, and other companies using gold in the fabrication of products (e.g. manufacturers and retailers of electronics or medical devices).

**Red-flags:** Indicators of potential violations of international human rights in company practices as well as in the supply chain (ref. OECD Due Diligence Guidance, p. 79).

**Urban Mining:** Reclaiming materials/minerals (in this case gold) from products, waste and other secondary sources that would otherwise be lost in the ecosystem, such as in landfills.

**E-waste Gold / Urban Mined Gold:** Gold recovered or extracted from electronic waste material and other secondary sources.

**Gold produced under improved social and environmental conditions:** refers to circumstances in which the gold has been produced, for example in a positive impact project. The improvements should be explicit and monitored in such a project.

**Circular Economy:** An economy restorative and regenerative by design, aiming to keep products, components and materials in the economy at their highest utility and value at all times.

**Eco-design:** an approach to designing products with special consideration for the environmental impacts of the product during its whole lifecycle, including the end-of-life phase.

**Recycling:** the process of converting waste materials into new materials and objects.

**Responsible Public Procurement:** involves conscious and direct efforts of contracting authorities to take social and environmental considerations into account in during the procurement of goods and services.

**Legitimate artisanal and small-scale mining and legitimate collection and processing of e-waste:** The legitimacy of artisanal and small-scale mining and/or informal collection and processing of e-waste is a difficult concept to define because it involves a number of situation-specific factors. For the purposes of this Agreement, legitimate refers, among others, to artisanal and small-scale mining and/or informal collection and processing of e-waste that is consistent with applicable laws. When the applicable legal framework is not enforced, or in the absence of such a framework, the assessment of the legitimacy will take into account the good faith efforts of artisanal and small-scale miners and/or informal collectors and processors of e-waste and enterprises to operate within the applicable legal framework (where it exists) as well as their engagement in opportunities for formalisation as they become available (bearing in mind that in most cases, there is very limited or no capacity, technical ability or sufficient financial resources to do so). In either case, Artisanal and small-scale mining, as with all mining and informal collection and processing of e-waste, cannot be considered legitimate when it contributes to conflict and serious abuses associated with the extraction, transport or trade of minerals as defined in Annex II of the OECD Due Diligence Guidance.

**[LOGOS OF PARTIES]**

**THUS AGREED AND SIGNED 19 JUNE 2017 IN THE HAGUE,**

[individual signature pages follow]

**[ORGANISATION NAME]**

**[SIGNATURE]**

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By:  
Title:  
Date:

## **Annex I: List of issues and risks in mining and processing of gold**

The Parties recognise the identified and prioritised risks in the Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas of the OECD Due Diligence Guidance.<sup>16</sup> The following risks are mentioned:

- i. Any forms of torture, cruel, inhuman and degrading treatment;
- ii. Any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
- iii. The worst forms of child labour;
- iv. Other gross human rights violations and abuses such as widespread sexual violence;
- v. War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.<sup>17</sup>
- vi. Non-state armed groups
- vii. Public or private security forces
- viii. Money laundering
- ix. Bribery and fraudulent misrepresentation of the origin of gold
- x. Payment of taxes, fees and royalties due to governments.

In addition, parties have identified the following risks based on the KPMG report and the Profundo report and their own input. The parties recognise that the issues are prioritised in and around mines.

### Environmental issues LSM

- Accidents and incidents related to chemicals
- Surface water impacts
- Physical land alteration
- Deforestation
- Biodiversity impact
- Mining waste
- Non-Mining waste
- Impact on the ground water
- Post Closure maintenance

### Supply Chain issues LSM

- Domination of LSM
- Taxation issues
- Financial contribution to host country budgets

### Social issues LSM

- Land Rights & Contested land
- Impact on local communities
- Resettlement
- Health & Safety issues

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<sup>16</sup> This Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas is intended to provide a common reference for all actors throughout the entire mineral supply chain. Companies are encouraged to incorporate the model policy into their existing policies on corporate social responsibility, sustainability, or other alternative equivalent.

<sup>17</sup> OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, p. 20-24.

- Labour conditions / Unhealthy and unsafe working conditions for children
- Social instability/conflict
- Unemployment and related social impact
- Loss of livelihood, malnutrition for children due to land deprivation

#### Environmental issues ASM

- Land use change/biodiversity loss
- Waste management
- Illegal land use
- Illegal chemical use

#### Trade and supply chain issues

- Traceability
- Money laundering & gold laundering
- Taxation issues

#### Social issues ASM

- Health & Safety issues
- Labour exploitation
- Potential driver for rural exploitation
- Social instability/conflict
- Poor security
- Violence
- Organized crime/ Financing of conflicts
- Deprivation of the right to a clean, safe and healthy living environment.
- Child labour
- Gender issues
- In-migration (consequences: pressure on basic services, children/parent separation, sexual exploitation)
- Recruitment of armed groups and loss of access to schools due to conflict
- Low profile of individual ASM's
- Lack of a structured sales channel

#### Issues in urban mining & recycling of e-waste

- Unsafe processing & collection of e-waste
- Child labour in e-waste collection & processing
- Inefficient processing of e-waste, losing a lot of value, and creating extra waste
- Illegal smuggling of e-waste, especially from and between developing countries
- Lack of experience & knowledge in developing countries for dealing with e-waste
- Unnecessary recycling of reusable items

## **Annex II: The Parties to the Agreement**

The Parties to this Agreement regard it as an open agreement and welcome others to sign.

The Founding Parties to this Agreement are:

### **1. Companies**

- Closing the Loop
- Cookson Drijfhout B.V.
- Fairphone B.V.
- House of Eléonore
- Lucardi Juwelier
- Peter Bruining B.V.
- Philips
- Schöne Edelmetaal B.V.
- Sims Recycling
- Van der Meulen Edelmetaal

### **2. Trade associations of downstream companies**

- Federatie Goud en Zilver (FGZ) as representative of the members of de Nederlandse Juweliers en Uurwerkenbranche (NJU) and Vereniging Goud- en Zilversmeden (VGZ)
- Nederlands Gilde van Goudsmeden (NGG)

### **3. Civil society organisations**

- Foundation IUCN National Committee for the Netherlands
- Nationaal Comité UNICEF Nederland
- Solidaridad
- Stop Child Labour

### **4. Labour unions**

- Federatie Nederlandse Vakbeweging (FNV)

### **5. Governmental organisations**

- The Ministry of Foreign Affairs of the Netherlands, on behalf of the Netherlands' government

The Parties acknowledge the positive contribution of RLG Europe B.V. and Stichting Max Havelaar (Fairtrade) to this Agreement and anticipate their further involvement in the future.

### **Annex III: Joint forces to tackle child labor – from gold mines to the electronics supply chain**

Artisanal and small-scale gold mining is a challenging sector when it comes to working conditions and child labour. About half of the people involved in Artisanal and Small-scale Mining (ASM) extract gold, generating 12 to 15 percent of total worldwide gold production. Up to 1.5 million children are involved in ASM and exposed to serious risks (including collapsing mines, carbon monoxide poisoning and mercury use).

As the world's third largest consumer of gold (after the jewellery and financial sectors), the electronics industry could play a significant role in creating the necessary demand for more responsibly mined gold. However, the supply chain for electronic products is long and complex. It typically spans 7 or more tiers between gold mine and end user. The risk of child labour is estimated to be highest at the deepest level of the supply chain, in the mines.

To effectively tackle child labour in ASM communities, a partnership was created between NGOs that are experts in addressing child labour and responsible mining (Hivos/Stop Child Labour (SCL), UNICEF, Fairtrade and Solidaridad) and two sustainable frontrunners in the electronics industry - Fairphone and Philips. The parties agreed to join forces and develop activities for at least two years, with the aim of tackling child labour in Uganda by working closely with mining communities and connecting more responsible gold to the supply chains of Philips and Fairphone.

The reasoning underlying the goals of the consortium is that if ASM communities are more aware of the negative impact of child labour and support children receiving good quality education, and if ASM miners can generate sustainable income with safe and efficient mining practices, and if supply chain actors provide market access for responsibly mined ASM gold in their supply chain, then child labour in ASM communities in Busia, Uganda, will be reduced.

During the collaboration, activities of the parties will aim to:

- Prevent and reduce all forms of child labour through the implementation of Child Labour Free Zones, involving all stakeholders within the area, including teachers, parents, children, unions, community groups, local authorities and employers
- Increase economic prosperity in designated mining areas through access to improved mining equipment and capacity-building trainings
- Provide long-term, sustainable access to international markets by piloting a scalable export model, linking the verified small-scale mined gold to off takers connected to the electronics industry
- Monitor, evaluate and share results to expand impact and provide opportunities to replicate best practices across other supply chains and industries

By taking a multi-pronged approach which encourages behavioural change, the collaboration aims to contribute to the vision of economically prosperous and child-free mining communities within the next 5 years.

## **Annex IV: Planned Composition of the Steering Group and Working Groups**

### **Members of the Steering Committee**

Chris Kuscher	Cookson Drijfhout B.V.
Patrick Thio	Federatie Goud en Zilver
Liesbeth Unger	Nationaal Comité UNICEF Nederland
Mark van der Wal	Foundation IUCN National Committee for the Netherlands
Dirk Jan Koch	Ministry of Foreign Affairs
Elske Efferink	Ministry of Foreign Affairs
<i>To be determined</i>	<i>Independent chairperson</i>

### **Members of the Working Group on Due Diligence Support and Monitoring**

Chris Kuscher	Cookson Drijfhout B.V.
Patrick Thio	Federatie Goud en Zilver
Mark van der Wal	Foundation IUCN National Committee for the Netherlands
Dirk Jan Koch	Ministry of Foreign Affairs

### **Members of the Working Group on Positive Impact Projects**

Laura Gerritsen	Fairphone
Helen Hubel	Richemont
Reinhardt Smit	Closing the loop
Jan-Pieter Barendse	Ministry of Foreign Affairs
Hans Spiegelers	Ministry of Infrastructure and the Environment
<b>TBD</b>	<i>civil society</i>

### **Members of the Working Group on Increasing and Using Collective Leverage**

Patrick Thio	Federatie Goud en Zilver
Reinhardt Smit	Closing the loop
Sonia Smith	Philips
Boukje Theeuwes	Solidaridad
Mark van der Wal	Foundation IUCN National Committee for the Netherlands
Dirk Jan Koch	Ministry of Foreign Affairs