VOLUNTARY PRINCIPLES ON SECURITY + HUMAN RIGHTS

OVERVIEW OF COMPANY EFFORTS TO IMPLEMENT THE VOLUNTARY PRINCIPLES

OBJECTIVES

The objective of this report is to provide companies with a summary of the experiences and learning to date associated with implementation of the Voluntary Principles on Security and Human Rights (hereafter referred to as Voluntary Principles or Principles), and its specific components. This report is intended to:

- Create a greater awareness about the Voluntary Principles and how they are implemented by companies;
- Improve consistency in the implementation of the Voluntary Principles;
- Increase access to information about the Voluntary Principles for other institutions who are starting to adopt them (e.g., the IFC, United Nations organizations, etc); and
- Promote the use of the Voluntary Principles more generally

METHODOLOGY

The Information Working Group of the Voluntary Principles on Security and Human Rights (IWG) collected information on the experiences and learning associated with company efforts to implement the Voluntary Principles over the last five years. To maximize participation, companies were offered a variety of options for sharing information with the IWG, including:

- Completing one of two written surveys (one longer and more detailed than the other);
- Participating in a telephone interview conducted by Business for Social Responsibility personnel, or
- Proposing an information sharing mechanism of the company's own design.

These data collection tactics, designed to increase participation, resulted in the capture of a range of information -- varying in depth and breadth-- that is reflected in the structure of this report. Trends and themes have been identified in the sections addressing "general implementation" and "risk assessment," areas where nearly all respondents provided information. The section on "engaging public and private security," meanwhile, provides a more detailed look at a select few companies' systems and processes, since fewer companies responded to these more detailed questions.

Additionally, it should be noted that companies are at varying stages of implementation— with some companies only very recently joining the membership— and that companies have varying levels of exposure to, for example, arrangements with public security. As a result, not all companies were able to respond to the component-specific questions.

Finally, this report is a working document containing information from just eleven of the Voluntary Principles member companies and, as such, will be continually revised and updated as additional companies complete the information sharing process.

The information gathering process revealed the following trends and challenges in company implementation of the Voluntary Principles:

- Most companies believe the Voluntary Principles have reduced their risk to some degree in terms of reputation, legal liability, access to capital, social license and other factors.
- For many companies, assessing risks associated with security and human rights is part of a larger risk or impact assessment. Many rely on a variety of different tools and sources of information, including the expertise of local country and regional managers who engage with local stakeholders and NGOs.
- The Voluntary Principles are seen as genuinely filling a critical void for companies seeking guidance about managing potential exposure to risks related to their security and human rights practices, especially in countries that are often associated with conflict or alleged abuses.
- The Principles are seen as credible, thanks in part to multi-stakeholder participation, and palatable to both executives and home and host government bodies, given their voluntary nature and flexible guidelines. However, there is a concern that the lack of an audit mechanism may foster the perception among some stakeholders that the Voluntary Principles lack transparency.
- For some, the Voluntary Principles are perceived as unnecessarily exclusive and would be open to seeing a broader membership that includes others in the extractives sector, services sector or other sectors facing similar issues.
- The Voluntary Principles help to raise internal corporate awareness about security and human rights risks, thus elevating the profile of such risks and ensuring they become "top of mind" among corporate and operations management. Early CEO or senior executive sponsorship is viewed as key to ensuring smooth internal engagement with other business units and departments.
- Many companies feel that home governments and NGOs need to become more involved and lend greater support and commitment to the implementation effort, especially in the area of host government engagement. That said, most companies have had very little, if any, experience in engaging host governments directly on the Voluntary Principles and few have engaged with NGOs regarding implementation of the Principles.
- Most companies had general social responsibility policies in place prior to implementing the Voluntary Principles, but few had specific extant human rights policies. Most have not set specific timelines for general implementation; however, several companies are well underway towards incorporating the Principles in overarching management frameworks.
- There is consensus that the Principles need to provide clearer language and guidance and several companies noted they would welcome specific tools and implementation guidelines. Training is a significant area of interest for many companies, with a few companies already conducting trainings and others planning to do so in the future.
- Companies are including the Voluntary Principles in at least some of their contracts, particularly with private security providers; however, some companies noted that they have had limited exposure to public security arrangements in their countries of operation.
- While almost all companies reported that they have a process in place for anonymously reporting human rights abuses and "whistle-blower" protection, many have not yet established a comprehensive set of guidelines for responding to alleged abuses.

Furthermore, the following emerging best practices in implementation were identified:

- Voluntary Principles are incorporated in all private security contracts, project legal frameworks with governments and standard company risk assessments.
- The Principles are incorporated into Social Impact Assessments so that approval by government authorities means commitment to implementation and ongoing engagement.
- The Principles are repeatedly emphasized and awareness should be continually raised among company employees and internal and external security staff by integrating the Voluntary Principles into orientations, trainings and evaluation processes.
- Engage in human rights and humanitarian law training with state forces through a third party, and in as transparent a manner as possible.
- Establish an anonymous "whistle blower" process for capturing concerns and grievances and internal guidelines for addressing alleged human rights abuses and sharing incident reviews with NGOs.
- Share best practices on implementation across the company and with peers.
- NGOs and/or other third parties are engaged in reviewing security arrangements and other human-rights-related conditions.
- Include the Principles in government agreements and in contractual agreements with local police.
- Begin the process of internal engagement at a high level within the company and secure buy-in from senior executives before engaging broadly across departments.

GENERAL IMPLEMENTATION

PERCEIVED STRENGTHS OF THE VOLUNTARY PRINCIPLES
Member companies identified three primary strengths of the Voluntary Principles that emerged during the implementation process:

1. The Voluntary Principles provide critical guidance on managing security and human rights, especially for companies that operate in challenging environments where expectations regarding human rights and security may be inconsistent: An overwhelming majority of company officials interviewed believe that the primary strength of the Voluntary Principles is that they provide a set of guidelines on best practice in managing security in regions of conflict or alleged human rights abuses, thereby offering a much needed base from which companies can develop policies and processes tailored to their operations and needs.

2. The multi-stakeholder endorsement of the Voluntary Principles increases their credibility: There is a strong belief that the tripartite approach to the development and implementation of the Principles affords the process greater credibility than if the process had been driven by one group of stakeholders alone. Through the Principles, a diverse set of stakeholders can gain cohesion and a united front in their approach to security and human rights issues. Specifically, one company highlighted "NGO support" as a key strength of the Principles. Another noted "home government participation and the ability to access diplomatic channels for engaging host government" was also a strength. Many companies also credited the multi-stakeholder approach with improving communication among NGOs, governments and the energy and extractives industries in general.

3. The Voluntary Principles help to raise both the profile and internal awareness of security and human rights issues: Another strength of the Principles is that they create a heightened awareness – often a cultural shift -- of security and human rights issues among senior and line management. Some companies also emphasized that the voluntary nature of the Principles -- which at least one company credited with fostering broader management acceptance -- had also stimulated information exchange between companies.

PERCEIVED WEAKNESSES OF THE VOLUNTARY PRINCIPLES
Companies also identified three main weaknesses of the Voluntary Principles that became evident during the implementation process:

1. The Voluntary Principles suffer from a lack of clarity and vague language: The Principles were frequently criticized for using vague language and for a general lack of clarity; a situation that results in confusion among operations-level staff.

For example, some companies are uncertain about how best to involve host nations in security arrangements, particularly in countries lacking capacity and where companies perceive that they have limited opportunities to have influence. Some companies noted that they would welcome specific tools and implementation guidelines on how best to engage governments.

One company acknowledged that engaging host governments has been particularly difficult to implement but suggested some steps for helping to build relationships with state forces and heighten awareness: (1) include the Voluntary Principles in government agreements and in contractual agreements with local police; and (2) engage in human rights and humanitarian law training with state forces through a third party, and in a transparent manner.

2. The Voluntary Principles are difficult to monitor and audit and, thus, companies risk being perceived as lacking transparency: There was acknowledgement that some form of independent verification is needed to ensure that companies and institutions actually put the Voluntary Principles into practice and that, to foster greater transparency, their progress should be publicly reported. There is a concern that one bad actor could potentially tarnish the image of the entire process. In the words of one company executive interviewed: "The good name is fast losing currency because of this lack of transparency."

Another company shared two review strategies that it has found to be successful in addressing this challenge. The first is a peer review, whereby a security manager from one country visits a security manager in another region to exchange best practices. The second involves an external review by a human rights lawyer, who conducts an audit of the company's security management that incorporates feedback from human rights NGOs. These external reviews, which are made publicly available to NGOs and others, have proved to be very helpful for the company in identifying areas for improvement. The company has also extended offers to a few international human rights NGOs to visit operations and review security arrangements first hand. The guiding principle behind this external review process is that the company "would rather see problems early than see them erupt later through allegations."

Another company also mentioned coordinating site visits with international NGOs interested in reviewing security arrangements first hand. The company noted that although they have received several requests for such visits over the last few years, not all requests have been met because of the

highly political and unstable nature of conflict zones in which they operate. Likewise, host governments have expressed concern that NGO visits be used as an opportunity to assess the country's human rights situation.

3. The Voluntary Principles are perceived by some members as exclusive:
One company official suggested that the current membership focus of the Principles is a significant weakness and that they may be perceived to be an exclusive "club" by those not involved in the process. Some companies that have been excluded from the Voluntary Principles process have nevertheless unofficially adopted Voluntary Principles and have also created internal systems for implementation. Some members consider it a lost opportunity not to engage such companies in sharing best practices and addressing challenges more collectively. Others suggested that perhaps the Voluntary Principles process should not only seek to be more inclusive within the energy and extractives industries, but also should consider expanding membership to include relevant services companies—such as engineering and construction firms— that serve the extractives sector, or even companies in other sectors, such as food and agriculture, that may face similar security and human rights challenges.

While the voluntary nature of the Principles was generally seen as a strength, some companies also considered it a weakness. In addition, external parties -- in particular host governments – may not recognize the Voluntary Principles or might view company implementation efforts as a criticism of public security forces. Also, conducting trainings in culturally diverse settings where it is difficult to explain what the Voluntary Principles are and how they are applied was identified as another challenge.

COMPANY HUMAN RIGHTS POLICIES PRIOR TO IMPLEMENTING THE VOLUNTARY PRINCIPLES

Most companies had general social responsibility policies in place prior to implementing the Voluntary Principles, but few had specific extant human rights policies: Only a few companies had adopted a specific human rights policy prior to implementing the Voluntary Principles. However, most had already adopted general social responsibility policies or had existing business principles that included a human rights component.

Many of companies' existing policies, whether pertaining to human rights specifically or more generally to social responsibility, endorse or reference provisions of international human rights covenants and broad, voluntary corporate responsibility principles, including the United Nations Universal Declaration of Human Rights, the International Labour Organisation guidelines and the Global Sullivan Principles. Additionally, a number of companies consider their participation in the UN Global Compact a *de facto* human rights policy.

Some companies have specifically incorporated the Voluntary Principles into their policies and commitments, or plan to do so in the near future. A few companies have also adopted a security standard to provide specific guidance on their approach to managing security issues.

TIMELINE TO ADOPT AND IMPLEMENT THE VOLUNTARY PRINCIPLES
Most companies did not develop a specific timeline for general implementation of the Voluntary Principles, but rather focused efforts on high risk regions: While a few companies outlined a set of goals for implementing the Principles, even fewer established firm deadlines for achieving full implementation across their operations. One company created a two-year timeline to

guide development of a framework for rolling out implementation in seven high-risk areas and instructed its operations in each of those areas to develop targeted implementation plans. Another company adopted a similar approach, choosing to implement the Voluntary Principles in key countries before implementing them on a company-wide scale.

CHALLENGES IN IMPLEMENTING THE VOLUNTARY PRINCIPLES

ENGAGING HOST NATIONAL GOVERNMENTS
Most companies have had very little, if any, experience in engaging directly with host governments on the Voluntary Principles: However, companies that have engaged host governments report encountering few significant challenges. The challenges that were identified include: operating within weak political systems where, for example, politicians may attempt to turn a company's transparency on human rights issues into political currency, and a lack of capacity for governments to adequately train security forces or take appropriate actions as prescribed by the Voluntary Principles.

One company highlighted that the variation of cultural, legal and political approaches to human rights has added additional challenges to implementing the Principles: As one executive we spoke with noted, while most countries have ratified the Universal Declaration of Human Rights, how the covenant is codified into national or local laws, interpreted and implemented may vary greatly by country. Furthermore, implementing the Principles may be further complicated by the organizational interactions between internal host country governments at the federal, regional and/or local levels. Many companies reported that they would like their home governments to play a more active role in engaging with and building the capacity of host governments. A few companies would also support NGOs acting as facilitators of host government engagement.

ENGAGING NGOS
A significant number of companies have had limited engagement with NGOs regarding implementation of the Principles: One company specifically stated that implementation of the Voluntary Principles is a shared effort, and NGOs should be more involved in the implementation process, particularly with engaging host governments on transparency issues.

Some companies do formally engage with a number of international NGOs, including many NGO members of the Voluntary Principles. One company also annually convenes international NGOs to discuss a variety of issues of common concern, including human rights and security. Another company regularly engages with local NGOs at the country level. An official at a different company noted the difficulties associated with engaging local NGOs, such as identifying appropriate local interlocutors and forums in which such engagement can take place .

In addition, a few companies believe that NGOs are reluctant to engage constructively on the Voluntary Principles. There is a perception that some NGOs may be afraid of damaging their reputation by engaging with corporations and that others will exploit increased publicly available information on human rights incidents— the result of greater transparency efforts by companies— to advance an anti-corporate agenda.

Engaging internal company departments has been a smooth process for most companies especially where senior executives engaged early: Many companies reported that they found success by beginning the process of internal engagement at a high level within the company and securing buy-in from senior executives before engaging broadly across departments. One company relied on "champions" within each country to secure downstream endorsement, while another company formed an internal, cross-functional Voluntary Principles working group tasked with mapping an implementation strategy.

Human rights have been interpreted differently across business units and diverse, global workforces: Among other challenges, companies note a tendency for some departments to assume that human rights issues do not apply to their function. Diverse workforces with different cultures, languages and politics may also interpret human rights differently from one region to another. Training and "mission overload"—i.e., implementing several EHS and/or social responsibility initiatives in a short period of time—were identified as other challenges that may make it difficult to provide operational personnel with clear and concise guidance that does not result in overwhelming time burdens. One company reported a need to develop more effective communication and training material to better integrate the Voluntary Principles into their standards and guidelines.

ENGAGING HOME COUNTRY GOVERNMENTS

Many companies acknowledged a high level of support from home country governments, particularly those headquartered in the U.S.: While engaging home country governments has not been a problem for most companies, a few companies identified the need for home country governments to better fulfill their responsibilities associated with the Voluntary Principles, such as providing a diplomatic channel for engaging host governments and working more closely with host governments on capacity-building measures. One company also identified a need for embassy staff to become more knowledgeable about the Voluntary Principles, as their support is crucial to coordinating successful implementation efforts locally.

LEGAL ISSUES

Companies did not identify any significant legal issues arising during implementation, and many noted that their legal departments have been consulted regularly throughout the implementation process.

INCORPORATING THE VOLUNTARY PRINCIPLES INTO COMPANY PRACTICE
The majority of companies have begun including the Voluntary Principles in at least some of their contracts, particularly with private security providers: A limited few have also included them in government agreements. Many companies have not yet incorporated the Voluntary Principles into joint-venture contracts; however, a majority plan to do so in the near future and many already actively communicate their support of the Voluntary Principles to joint-venture partners. (For some companies, many of their joint-venture partners are already members of the Voluntary Principles process; thus, the Principles are already embedded within their operations.)

Other companies have contract language that draws on existing business principles addressing human rights: One company that does not yet incorporate the Voluntary Principles into contracts reported that its business principles, which include components on human rights, are embedded in all contracts with private security providers and joint-venture partners. In the case of joint-venture contracts, policies and practices are reviewed jointly on an annual basis with the joint-

venture partner's safety and security departments. However, the company noted that the ability to influence implementation is more limited in ventures where the company is not the operator.

Another company raised a concern over the language used in contracts with regard to the Voluntary Principles, specifically questioning whether vendors truly understand what is required of them.

INCORPORATING THE VOLUNTARY PRINCIPLES INTO MANAGEMENT SYSTEMS
Several companies are already incorporating the Voluntary Principles in overarching management frameworks: At least one company has adopted the Voluntary Principles company-wide, incorporating the Principles as part of the formal management framework of the company that every senior executive is required to follow. Another company intends to incorporate the Voluntary Principles into its overarching management system, a system that broadly addresses issues ranging from safety and cost to environmental and human rights issues.

One company is currently developing a program to further operationalize its anti-corruption and human rights commitments—which includes the Voluntary Principles—by providing background information, tools and guidelines to employees. Yet another company employs an overarching social responsibility policy from which cascade 18 management systems standards and 13 standards relating to social issues, including security and human rights.

While not all companies have incorporated the Voluntary Principles into management frameworks, a number have already made great strides in working toward this goal: A significant number of companies have already incorporated the Voluntary Principles into internal auditing systems. One company official reported that during annual assessments, auditors scan human rights networks for any human rights allegations and review these allegations with the operation in question.

Some companies have embedded the Voluntary Principles in annual performance reviews: One company plans to incorporate the Voluntary Principles into the list of issues that business unit CEOs are required to address when providing their annual letter of assurance demonstrating compliance with the company's business principles. Another company has also included human rights and security issues in their annual assurance letters and face-to-face meetings between the regional Executive Director (board member) and the Country Chair. This particular company also employs an internal security self-assessment questionnaire to identify issues related to the Voluntary Principles that need to be addressed and recommended courses of action.

One company has developed a Voluntary Principles implementation manual and delivers introductory briefings and implementation workshops at various operations worldwide: The comprehensive implementation manual contains a wealth of information and resources, including guidance on identifying key stakeholders and issues on which to engage. The manual also provides step-by-step guidelines for risk assessment, including a tool that provides assessment criteria, suggested sources of information and techniques for successful auditing. Furthermore, the manual offers guidelines for interactions with public and private security, including advice on expectations, training, a process for selecting private security providers and language to be incorporated in contracts. It also includes a detailed section on procedures for reporting and responding to human rights abuses. Every business unit is required to nominate a lead manager to ensure awareness of the Voluntary Principles and to support implementation, as appropriate.

Another company, meanwhile, is focusing its implementation efforts on raising awareness of the Voluntary Principles and ensuring that its internal guidance is consistent by reviewing and revising its existing policies. The company believes more must be done to promote the Voluntary Principles through, for example, enhanced training.

Training is a significant area of interest for many companies, with a few companies already conducting trainings and others planning to do so in the future: Some training programs have focused specifically on security personnel, while at least one company focuses its training efforts on making operations managers more sensitive to security and human rights issues. The company notes that many of the personnel it has trained considered security and human rights issues of paramount importance even prior to the training. Another company commissioned the development of a modular human rights training program with several modules on security and the Voluntary Principles.

Trainings need to be conducted frequently to ensure employees and non-employees are well versed in the Voluntary Principles: One member indicated that the company has been conducting Voluntary Principles trainings for employees over the last 18 months, with security personnel receiving approximately 12 hours of training, and non-employees approximately 6 hours. The company also noted that trainings have included junior and senior police officers, as a means of promoting the Voluntary Principles outside of the company. Unfortunately, the company does not believe that training efforts have fully achieved the desired results; rather, there remains a need to raise awareness and to promote human rights issues as a top priority. To address this, the company intends to offer training courses more frequently. Other challenges identified include: the need to continually offer training courses--due to the rotation of police and military personnel—and the difficulty of training in a culturally diverse setting, where it may be challenging to explain the Voluntary Principles and how they should be applied.

MEASURABLE IMPACTS OF IMPLEMENTING THE VOLUNTARY PRINCIPLES
It is difficult and, in many cases, too early to measure the impacts of implementing the Voluntary Principles; however, greater recognition of the Principles themselves is seen as valuable: A few companies reported early 'wins,' such as improved practices related to the use of force, improved communication with authorities and a directional move to employ internal security trained to Voluntary Principles standards. The most common impact identified by company staff has been a shift in company culture. Many have noticed a greater awareness among staff of the human rights risks faced by their companies and their operations, and an understanding of the need for improved management of these risks. One company executive stated, "When an incident comes up, the Principles are the first thing to cross managers' minds."

Another company credits its engagement efforts with the adoption in Turkey of a new legislation regulating private security. Under the new legal system, obligatory training (including a human rights component) for security personnel has been implemented, with a certificate of attestation now required for employment. Furthermore, the law has established increased standards for human rights that allow private security companies to provide armed guards in a manner that is in keeping with the spirit of the Voluntary Principles.

COMPANY ADVICE ON IMPLEMENTING THE VOLUNTARY PRINCIPLES

- **Secure support from CEO and Executive Management:** Top-down support from executive officers is important, indeed necessary, for the Principles to receive the attention and support they deserve at the operations level. Successful implementation is better ensured when written policy is transformed into specific guidance at the operations level.

- **Employ a multi-stakeholder approach to implementation:** A number of companies emphasized the point that implementation— from risk assessment to engaging host governments— is best achieved by way of a multi-stakeholder approach that involves companies, NGOs, and home and host governments. Companies that have raised the issue of the Voluntary Principles with host governments emphasized the need to do so concurrently and in concert with home governments and NGOs. Additionally, while many companies are prepared to implement the Principles independently of other companies, there is a desire among some to implement them jointly with other companies to encourage broader implementation, harmonization and to stimulate exchange on best practices.

- **Embrace the Principles as a core value:** Many companies suggested that the Voluntary Principles must become an integral part of how the company manages its business--that is, the Principles must become a core part of its management process and must be regularly assessed to ensure compliance and continual improvement. Additionally, companies must integrate the Voluntary Principles with existing processes, trainings, management systems and implementation tools to make them useful for operational staff at specific sites. Operation-specific guidance and case-by-case evaluation are crucial for implementation at the site level.

- **Share best practices internally and externally**: Many companies noted the importance of sharing best practices within their companies and among their peers. Developing a formal information exchange process is crucial to ensure that security managers employ the most effective guidelines and tools for implementing the Voluntary Principles company-wide. Additionally, sharing best practices externally is an important step toward collectively addressing implementation challenges. Moreover, companies that are new to the Voluntary Principles process will greatly benefit from the wisdom and experience of those companies that have been part of the process for some time.

THE VOLUNTARY PRINCIPLES AS A MECHANISM FOR REDUCING RISK
Most companies believe that the Voluntary Principles have reduced their risk at some level in relation to human rights and security—in terms of reputation, legal liability, access to capital, social license and other factors. Most companies identified this risk reduction in the form of an enhanced reputation with stakeholders, with two companies specifically referencing their improved reputation among NGOs. Though all of the companies interviewed indicated that they expect their risk to be reduced over the long run, several companies suggested that it is still too early in the process to determine when and by how much. One company mentioned that it believes the Voluntary Principles will reduce potential legal liability arising out of undesirable human rights incidents, particularly those involving public security, claiming "we should be able to point to the

Principles, our systems in place and record of dialogue, awareness and training towards them as mitigating elements."

<u>RISK ASSESSMENT</u>

Companies rely on a variety of different tools and sources of information to conduct risk assessments and conflict analyses: Many companies indicated that they employ one or more commercial services, including Global Insight, Control Risks Group and the Economist Intelligence Unit, to provide insight into a particular area or region's potential for, or history of, conflict and/or human rights abuses. Other companies employ other sources, such as the U.S. State Department, information available in the public domain (e.g., news and internet sources), subscription services and information available through membership organizations. The Human Rights Compliance Assessment Tool (HRCA) developed by the Danish Institute for Human Rights and the Conflict Analysis Tool developed by Fund for Peace were also both identified as tools used during the risk assessment process by a number of companies.

Many companies rely on the expertise of local country and regional managers who regularly engage with local stakeholders and local and international NGOs: Other companies mentioned coordinating stakeholder forums, which include community members and local and international NGOs. Both forms of engagement offer valuable input that can greatly assist in making an informed assessment of security and human rights risks. One company has also instituted stakeholder mapping as part of its risk assessment process, and dialogue with these entities forms part of the process of risk mitigation.

For many companies, assessing risks associated with security and human rights is part of a larger risk or impact assessment: For one company, this includes 19 risk elements, of which security and human rights are but two specific items. Another company noted that incorporation of the Voluntary Principles into social impact assessments is a useful strategy because approval by government authorities translates into commitment to implementation, and consequently engages the host government.

Yet another company shared its specific guiding principle behind assessing risk:

> *The guiding principle for risk assessment and mitigation is to build up a sound understanding of local conditions as early as possible in the business process, to allow identification, prioritization and mitigation of all significant risk elements. This early risk capture is important not least because at an early stage building understanding and a robust knowledge platform may in fact be the most important form of risk mitigation.*

A final company reported that it examines political, social and economic factors and their security ramifications, which may trigger risks as the basis of their assessment. For this company, security risks are a combination of the following: Threats + Vulnerabilities + Impact = Security Risk. This includes an examination of the potential for and impact of violence, conflict analysis, equipment transfers and terrorist activities. Full-scale assessments are conducted on an annual basis as a minimum, although certain countries require a much more active assessment and management process.

PUBLIC SECURITY ARRANGEMENTS

Some companies noted that they have had limited exposure to public security arrangements in their countries of operation, or in some cases, none at all: One such company explained that in the case of a joint-venture operation with a national company, where there is a regional or sectoral presence of government forces, local company managers regularly communicate the company's support for and commitment to the Voluntary Principles to both the joint-venture partner and government officials during the normal course of business.

Another company with limited exposure explained that expectations regarding the use of force, company codes of conduct, and transparency of security arrangements are conveyed by the country manager, supported by a professional liaison team. This company has an established policy that requires asset managers to convey expectations to, and seek assurance from, its security provider on training standards, use of weapons and ammunition, open-fire criteria and human rights abuses.

One company consults with host government and local communities about the impact of security arrangements at least once per year. This includes meeting with NGOs and other stakeholders and conducting regular evaluations of security trends, training and procedures as part of its monitoring activities.

Another company communicates ethical conduct and human rights policies to public security providers by way of employee orientations and training programs, thereby treating public security personnel as company employees with the same expectations and review processes. The company utilizes regular internal audits to monitor security's adherence to company policies. Currently these processes are in the development phase, but high risk operations have already implemented regular internal audits. This company also indicated that it generally tries to avoid the use of public security forces, however, if there is a potential for conflict, local police are informed. The company, which also believes that in many countries it has little influence in public security's role, usually makes its own security arrangements using company personnel or contractors. Interestingly, in times of conflict, the company will usually choose to close an operation rather than call in public security forces, which can result in use of force that must be carefully regulated. The company believes the former approach is more likely to secure longer-term operation.

PRIVATE SECURITY ARRANGEMENTS

Companies reported having a variety of policies and practices for identifying, screening and securing private security forces. For example, one company shared its process as follows:

- The company has an existing policy requiring security agreements to include clauses obliging the contractor to have in place ethics policies consistent with the company's own policies, and to observe ethical conduct, human rights and applicable laws. Ensuring professional standards and best practice is an integral element of the pre-qualification process, and occasionally may exceed the standards of the host country.

- Pre-qualification of security contractors requires bidding companies to demonstrate that they are reputable and offer high standards of service; that they provide a satisfactory training program for their staff; that they have established and implemented satisfactory HSE, ethics and human rights policies; that they have clear policies addressing use of force and the protection of human rights; and that these are properly covered in employee training programs. The company requires that all company-employed security

staff undergo formal training on company security policy and procedures; company ethics policy; relevant law; human rights; use of force; roles, duties and responsibilities; and first aid. In one country where employees and contracted security staff are hired, guards receive a minimum of 85 hours of basic training, and the main contractor is certified to ISO 9001-2000.

- Additionally, prospective security providers are subject to pre-contract integrity due-diligence. The track record, performance and reputation of both company and key officers are examined. Once approved, the company will secure services with a security contract containing ethical and human rights clauses. Monitoring of private security is achieved at the daily operational level by interaction with company management. Security reviews conducted by corporate staff are carried out at key sites and assets once every two years, and regular internal audits include audits of security.

- The company also noted that armed guards are not used unless a risk assessment confirms the necessity of doing so, or unless the company has no choice in the matter, for example in the case of government imposition. In the former instance, written authority of an executive vice president is required before armed guards are deployed.

Another company reported that its corporate security personnel and local management screen proposed private security providers, and/or individuals providing such services, with other local companies, stakeholders, consultants and the U.S. State Department to ensure that none have been credibly implicated in the abuse of human rights. The company has begun the process of including compliance with the Voluntary Principles as a requirement in contractual agreements with private security companies, and local company managers are responsible for monitoring private security compliance with these requirements.

One member also stated that it utilizes contracts, annual assessments by external auditors and internal audit processes to ensure that private security observe the provisions of the Voluntary Principles, record all allegations of human rights abuses, and properly investigate all credible human rights allegations. Additionally, security mangers engage in best practice knowledge-sharing globally.

Another company stated that it maintains a record of private security providers and uses external data to verify past conduct, such as that available from government agencies, NGOs, other companies and local stakeholders. The company's country chair and legal advisor are responsible for ensuring that private security activities adhere to local laws and regulations, which vary by country. The company also shares best practices and learns from others through local engagement with industry, civil society and governments, and international initiatives such as the Voluntary Principles. In certain countries, the company does not employ private sector security providers. For its contractors, suppliers and other partners, however, the company engages in regular monitoring and evaluation of tasks, behavior, training and procedures. Some of the methods employed include: reporting of physical force cases to authorities; ensuring that standard operating procedures and rules of engagement exist, especially use of force guidelines; confirming that preventative and defensive services are provided; and detailing investigations into credible allegations of abusive or unlawful acts.

DEPLOYMENT AND CONDUCT OF PUBLIC SECURITY

Companies identified several tactics for ensuring that public security service providers adhere to an acceptable standard of appropriate and proportional deployment of security forces, use of force, appropriate use of equipment, and that security services are not provided by individuals credibly implicated in human rights abuses.

One company stated that even in areas where it does not employ public security services, local company managers are instructed to monitor the activities of public security forces and to identify any instances of human rights abuses that could potentially impact the company's reputation or operations. As such, local management maintains close contact with other companies and security providers to increase awareness of any credible allegations of human rights abuse by a military unit or individual.

Another company reports that it communicates its values and expectations regarding human rights and security in ongoing dialogue with local authorities and other stakeholders. Where there is a potential risk that the company's requirements may not be met, it develops a mitigation plan in co-operation with relevant counterparts to address and rectify the situation. This usually involves education and training, and may target security personnel or at a higher level.

One company has developed a business and human rights primer and a series of human rights dilemmas--both of which address security concerns--to provide employees with practical examples of security and human rights issues they may potentially face and to give guidance on how to proceed. The company also consults regularly with host governments, other companies and civil society groups to discuss security and human rights issues and has a process for assessing performance of private security providers. The company added that in Colombia, verification is provided by the Surveillance and Security Superintendence, the principal regulating agency of the security sector in Colombia, which lists all approved and registered private security companies and provides an extra level of assurance.

Several companies mentioned that they do not provide "fighting materials" to public security forces and that the use of construction equipment, vehicles and other assets is handled on a case-by-case basis. One company noted that when such materials are offered, the operators are always provided with training on operating the equipment in an appropriate and environmentally sound manner. Another company mentioned that one of its joint venture partners is a state company that has provided financial and equipment support to state forces. The company, by default, contributes to these costs through its partnership; however, the use of funds and equipment is audited by the national audit office and equipment use is monitored by agreement.

CONSULTATION AND ADVICE

There is limited information available regarding the specifics of company consultation processes for engaging public security, host and home governments, civil society and other companies. However, in one positive example of NGO engagement, a company representative explained that while the company regularly engages with a number of international NGOs, it also coordinates an annual convening of local NGOs to discuss a range of issues, including security and human rights. The company has found this to be a very successful strategy for identifying stakeholder expectations, issues and concerns and for working collaboratively on solutions. Some companies also mentioned employing community liaison officers to engage with local community members and NGOs.

Additionally, one company requires that all of its operations establish a process for engaging with local human rights organizations and identifying human rights allegations. Another company conducts ongoing dialogue and information-exchange with its stakeholders. This includes diplomatic networks, other foreign companies operating in the host country, national partner companies (joint ventures), local governments, NGOs and communities. The company encourages these groups to benchmark their activities against international principles such as the Voluntary Principles and the UN's Basic Principles on the Use of Force.

RESPONSE TO HUMAN RIGHTS ABUSES

While almost all companies reported that they have a process in place for anonymously reporting human rights abuses and "whistle-blower" protection, many have not yet established a comprehensive set of guidelines for responding to alleged abuses. Many reported that development of such processes is currently underway. One company explained that in the case of a reported human rights abuse committed by public security working for or on its behalf, the company would write a formal report of the incident and would conduct an internal investigation. Professional internal resources would be used, though the company noted that if it felt that investigative objectivity would be compromised, the use of external resources would be given due consideration. The response would be similar if equipment provided by the company to public security is used inappropriately, resulting in a human rights abuse.

Another company stated that alleged human rights abuses are reviewed as soon as they are reported and an internal investigation is initiated if the claim can be substantiated. The investigation is coordinated by the company's Human Rights Compliance Officer. In addition, each department has a human rights delegate responsible for monitoring human rights abuse claims on an ongoing basis.

One company noted that local company managers are required to report any human rights abuses by security providers to corporate security and social responsibility departments, as well as to appropriate public agencies. Depending on the particular circumstances, including the use of equipment provided by the company, a decision on whether to conduct an investigation or issue other guidance is then made.

Another company, which does not employ public security forces, requires private security to report to local governments on issues involving abuse of local citizens. The company believes it has more power to act in cases where a human rights violation is committed by a company employee. After a report is submitted, the company generally follows up through its human resources, CSR or diversity department.

Finally, one company shared how its guidelines for handling allegations of abuse were tested when the company experienced two incidents of alleged abuse by state forces at one of its operations. In each case, the incident was investigated internally, information requests were made of the local forces (police), and an incident review was conducted and documented with third party involvement. The reviews were then shared with two leading human rights NGOs, with who the company was in contact when the events first occurred.