

2014 Annual Report of the Government of the United States of America for the Voluntary Principles on Security and Human Rights Initiative

Each member of the VPs Initiative is required to report to VPs Initiative participants annually on their efforts to implement the VPs. The U.S. Government has prepared this public report in line with our commitment to make our participation in the VPs Initiative as transparent as possible.

The VPs Initiative is a multi-stakeholder initiative made up of governments, companies, and non-governmental organizations (NGOs) that promotes the implementation of a set of principles that guide oil, gas, and mining companies in providing security for their operations in a manner that respects human rights. Specifically, the VPs guide companies in conducting a comprehensive human rights risk assessment in their engagement with public and private security providers to ensure human rights are respected in the protection of company facilities and premises.

More information about the VPs can be found at www.voluntaryprinciples.org.

Commitment to the Voluntary Principles

2014 was a significant year for the VPs Initiative, as participants worked together to advance the strategy outlined in the “[Voluntary Principles Strategy 2014-2016](#)”, a collaboratively developed document that provides concrete objectives and action participants can take to achieve stated goals. Throughout the year, government participants increased coordination with participants in other pillars as well as with their own embassies in countries designated as priority countries to engage governments and help implement the Principles on the ground. To strengthen accountability and transparency, participants worked together to finalize verification frameworks for each pillar. The corporate pillar framework includes a commitment to utilize a set of performance indicators, including previously developed Key Performance Indicators (“KPIs”), to validate implementation of their commitments to the VPs Initiative. The U.S. government has devoted substantial time and resources to these efforts.

The U.S. government is a founding member of the Voluntary Principles on Security and Human Rights (VPs) Initiative. We joined the Steering Committee in March 2014 and will be Government Chair from March 2015-March 2016. We also served on the Steering Committee from March 2009-March 2013, and as Government Chair from March 2010 to March 2011. We aspire to set the standard for excellence for government participation in the VPs Initiative, and remain committed to its mission – to guide oil, gas, and mining companies on providing security for their operations in a manner that respects human rights; to strengthen implementation, accountability, and transparency within the Initiative; and to strengthen participation of VPs Initiative participants in all pillars through outreach. This year, we have made progress on all of these fronts – strengthening implementation through cooperation with partners on the ground, seeking more opportunities to expand dialogue and shared learning among participants, and broadening the Initiative’s participant base.

The U.S. government was able to achieve many of our goals for 2014 and refocus our energy on others:

- **Outreach and Implementation:** Implementation of the VPs is a core priority for all participants and concrete improvements on the ground are the reason the VPs exist. To support implementation by host governments, we have strengthened our outreach efforts and are funding programs to promote implementation of the VPs in various countries. Specifically, the Bureau of Democracy, Human Rights, and Labor (“DRL”) has dedicated approximately \$800,000 in programmatic funding to increase the knowledge and understanding of the VPs in both Nigeria and Ghana; \$650,000 in programmatic funds to improve the consultative process among marginalized communities and other stakeholders in Guatemala, Panama, and Peru on issues related to natural resource extraction – in which the VPs is a fundamental

element. Presently, DRL is soliciting proposals to increase civil society's ability to participate in the development of Ghana's VPs National Plan.

- Implementing the VPs Initiative Strategy: In 2013, VPs Initiative participants collaborated to develop goals for the next three years, and concrete objectives and actions to attain these goals. This work was conducted primarily through two Steering Committee retreats – one in June 2013 and another in October 2013 – and several conversations among and between pillars. Deliverables for the strategy fall into three baskets: outreach, implementation, and verification. In 2014, VPs participants renewed our commitments to the strategy, and focused our attention on the verification component. The Strategy has been approved by the VPs Initiative Steering Committee and serves as the foundation in working toward shared goals through 2016. The Strategy is publicly available on the VPs Initiative website: http://www.voluntaryprinciples.org/wp-content/uploads/2014/05/Voluntary_Principles_Strategy_-_2014-2016.pdf

- Accountability and Verification: All VPs Initiative participants take seriously their commitment to human rights. Upon joining the VPs Initiative, corporate pillar participants pledge to uphold a set of commitments in their business practices. Over the course of the last year each pillar finalized verification frameworks to develop a credible process to verify fulfillment of their respective roles and responsibilities in the VPs Initiative. The development of such frameworks is an important step to enhance transparency and accountability within the VPs Initiative.

As to corporate participation, upon joining the VPs Initiative, participants pledge to uphold a set of commitments in their business practices. In the Corporate Pillar Verification Framework, companies committed to select and use a set of organizationally appropriate performance indicators in assessing implementation of the VPs.

The U.S. government is eager to work with companies to learn how they measure their implementation of the VPs. Several corporate pillar members have already committed to implementing a set of KPIs to validate their commitments to the VPs, while others may use a different set of performance indicators. In developing the KPIs, these companies engaged with a number of VPs Initiative participants from the NGO and government pillars, including the U.S. government, and also worked closely with Professor John Ruggie. Since that time, the KPIs have been utilized by many VPs Initiative companies (and non VPs companies) whereby implementation has been measured internally by the companies or in some cases by outside groups.

The full corporate pillar verification framework include an annual report to the Plenary with a review of assessment procedures, an invitation to publish a public version of individual company VPs Annual Reports on the VPs Initiative Website, and company presentation of the KPIs, or other indicators used, and headline results at the VPs Annual Plenary Meeting and to a specially designated working group within the VPs Initiative throughout the year. While corporate pillar participants can opt out of the process under the Corporate Pillar Verification Framework, the U.S. government encourages all companies to participate in the verification process, and publicly indicate their intent to do so.

The U.S. government looks forward to continuing to work with VPs participants to develop a credible, practical system to support and validate corporate participants' effective implementation of the VPs, and to find the right formula to communicate their findings to all stakeholders.

- Clarification of Pillar Roles and Responsibilities: Pursuant to the VPs Initiative Strategy, participants finalized documents in 2014 that outline the roles and responsibilities of participants through the Roles and Responsibilities Working Group. As a government participant in the VPs Initiative, the U.S. government commits to work toward creating an environment that supports corporate implementation of the VPs. We devoted significant attention to developing the government roles and responsibilities document pursuant to this objective, as we believe that clearly defining government roles and responsibilities will help strengthen our work in supporting the VPs Initiative. The U.S. government next looks forward to updating the existing VPs reporting guidelines to align them with Participants' roles and responsibilities pursuant to the VPs Strategy Document.

U.S. government participation in the VPs Initiative

As stated at the outset, the U.S. government has participated vigorously in the VPs Initiative. Our commitment has included our active participation in working groups, pillar meetings, Steering Committee meetings, and country meetings, and the resources we have devoted to the VPs Initiative.

U.S. government team

DRL leads U.S. government engagement in the VPs Initiative – in cooperation with the State Department’s Bureau of Economic and Business Affairs and Bureau of Energy Resources. Work on the VPs and related efforts within DRL are led by the Business and Human Rights and Internet Freedom (BHR) Team within the Multilateral and Global Affairs directorate. Our VPs team also includes representatives of the Department’s Office of the Legal Adviser as well as regular engagement with regional bureau colleagues, the Bureau of Diplomatic Security, officers at U.S. embassies around the world, officers at Defense Department Regional Commands, and officers at other U.S. agencies such as the Department of Commerce, Department of Labor, Department of Defense, and Overseas Private Investment Corporation.

Policies, procedures, and/or guidelines to implement the VPs

We are committed to promoting the implementation of the VPs, and our efforts are complemented by a variety of activities we have undertaken on business and human rights. We are party to relevant human rights conventions, such as the International Convention on Civil and Political Rights, and a member of the UN Human Rights Council (“HRC”), which provides a forum to promote States’ fulfillment of their human rights commitments. In June 2011, we co-sponsored the HRC resolution that endorsed the Guiding Principles on Business and Human Rights (“GPs”) and most recently in June 2014, co-sponsored a resolution to renew the 2011 mandate and continue facilitating the implementation of the GPs. The GPs provide global guidance regarding business and human rights, asserting that states have a duty to protect human rights; corporations have a responsibility to respect human rights; and victims of business-related human rights abuse should have access to remedy. The VPs Initiative is the preeminent mechanism implementing aspects of the GPs in the area of human rights-respecting security practice in the extractives industries.

U.S. National Action Plan on Responsible Investment

With regard to GPs implementation, on September 24, 2014, on the margins of the UN General Assembly, President Obama [announced](#) the development of a U.S. National Action Plan to promote responsible and transparent business conduct overseas. The NAP will address ways in which the U.S. government can promote, encourage, and enforce established norms of responsible business conduct with respect to human rights, labor rights, anti-corruption, and transparency. The National Action Plan will: help set clear, consistent, and predictable expectations for U.S. firms in their global operations; facilitate internal U.S. government communication and coordination; strengthen the trust and communication among stakeholders; identify USG commitments to assist in creating a rights-respecting enabling environment for businesses operating abroad; and further promote responsible investment and responsible business conduct.

The NAP will, in part, promote transparency about how the U.S. government encourages companies to live up to high standards. Responsible business conduct is about more than agreeing to abide by a set of principles or guidelines. It is about integrating responsible investment and business practice into corporate management decision-making, consistent with U.S. laws and international standards, in a manner that promotes the rule of law and respects the rights of stakeholders within a company’s workforce and value chain. It is also about ensuring transparency and accountability regarding the monitoring of conduct, verifying success stories, and identifying areas for improvement through the help of stakeholders, including those on the ground in countries where U.S. businesses and their supply chain partners are engaged abroad.

Multi-stakeholder initiatives, like the VPs Initiative, are an important tool to engaging with business abroad, and will be key to consider in developing our NAP. Looking ahead to the U.S. government chairmanship of the VPs Initiative, we

will seek to strengthen the VPs Initiative in line with our vision for promoting responsible investment and look forward to engaging with VPs participants in the NAP process.

The U.S. government will hold several [dialogues](#) with stakeholders throughout the year to provide input into the NAP process. The first two dialogues occurred in New York City at the NYU Stern School of Business on December 15, 2014, and in Berkeley, California at the Center for Responsible Business at the University of California-Berkeley on February 6, 2014. There are three more dialogues scheduled in the coming year, with an early April dialogue occurring in Norman, Oklahoma focused, in part, on the extractives sector. There is also an opportunity to provide written input to the U.S. government.

GPs-Related Workshops

We have held several meetings with external stakeholders to identify and discuss best practices and challenges in order to best frame our policies and practices. To this end, we hosted various GPs implementation workshops over the last three years: one targeted the general business community and focused on respecting human rights in business operations; another targeted members of civil society, academia, and think tanks, and focused on strategies and priority-setting with regard to U.S. government implementation of the GPs; another with investors focused on strategies for investment firms to incorporate the GPs into their regular business practices as well as the use of non-financial factors in decision-making; and the most recent workshop in January 2014 focused on U.S. government procurement and human rights.

Support for Related Initiatives

We support and participate in the Montreux Document on Pertinent International Legal Obligations and Good Practices for States related to Operations of Private Military and Security Companies during Armed Conflict (“Montreux Document”), and the International Code of Conduct for Private Security Service Providers (“ICoC”), both of which complement the VPs Initiative. The U.S. government was deeply involved in developing the ICoC’s governance and oversight mechanism—the ICoC Association—and, actively participated on the temporary steering committee, which was tasked with moving the process forward. The U.S. government joined the ICoC Association as a founding member in September 2013. The U.S. government also funded and participated in the establishment of a set of management standards for private security companies based on the Code through the American National Standards Institute (ANSI). The Department of Defense is requiring conformity with the ANSI standard (PSC.1) for its private security contractors; and the Department of State has [announced](#) that, as long as the ICoC process moves forward as expected and the Association attracts significant industry participation, it anticipates incorporating membership in the ICoC Association, in addition to demonstrated conformance with PSC.1, as requirements in the bidding process for the successor contract to the Worldwide Protective Services (WPS) program.

<http://www.state.gov/r/pa/prs/ps/2013/08/213212.htm>

Training for Public Security Providers

With regard to training, both the U.S. Department of State and Department of Defense require security service providers contracting with the U.S. government to provide training addressing both U.S. and international law, including human rights and humanitarian law, prior to deployment. In addition, consistent with U.S. law and policy, the Department of State vets units or individuals in foreign security forces who may receive assistance or training from the Department of State or the Department of Defense, and when the vetting process uncovers credible information that an individual or unit has committed a gross violation of human rights, U.S. assistance or training is withheld.

Promoting awareness of the VPs throughout the U.S. government

Over the past year, we have promoted awareness of the VPs within the government in various ways, including, for example:

1) The U.S. government featured the VPs Initiative during the AFRICOM Academic Symposium in Ghana June 22-27,

2014 “Perspectives and Partners on Population-Centric Security Sector Transformation.”

- 2) Assistant Secretary of State for DRL Tom Malinowski and Deputy Assistant Secretary of State Scott Busby meet regularly with government officials from relevant U.S. State Department regional and functional bureaus and embassies to brief them on and encourage their engagement with the VPs Initiative.
- 3) The VPs are featured at the Department of State Human Rights and Labor Officers Training as well as the training for Economic Officers posted at U.S. embassies around the world.
- 4) DRL officers led numerous conference calls with desk officers, and economic, political, and human rights officers in Washington and at embassies to educate them about the VPs and the VPs Initiative and respond to questions.
- 5) DRL officers met with outgoing and sitting U.S. ambassadors to brief them on the VPs.

Promoting and advancing implementation of the VPs internationally

The U.S. Government pursued opportunities to promote the VPs publicly in a variety of international forums, meetings and public and written statements, including, for example:

International Meetings, Forums, and Public Statements

- 1) In June 2014, AFRICOM’s Sixth Academic Symposium in Accra, Ghana, focused on population-centric security issues that are of shared concern to the U.S. Africa Command and African countries. It was attended by government and military representatives throughout the continent, and featured a panel discussion and breakout events focusing on the VPs.
 - a. Jason Pielemeier, section chief of the BHR Team, discussed the importance of the VPs in his panel remarks at the AFRICOM Academic Symposium.
 - b. AFRICOM hosted a dinner for two dozen members of African militaries and governments, as well as VPs companies and NGOs on the margins of its annual AFRICOM Academic Symposium. Jason Pielemeier discussed the importance of the VPs at that event with several high-ranking African commanders.
- 2) On September 11, 2014, Principal Deputy Assistant Secretary Virginia Bennett raised the VPs in her remarks to the International Corporate Accountability Roundtable (ICAR) Annual Meeting.
- 3) On December 3, 2014, in Geneva, Switzerland, Ambassador Keith Harper, U.S. Representative to the United Nations Human Rights Council, raised the VPs in his remarks on a panel about human rights defenders and business respect for human rights at the UN Forum on Business and Human Rights.
- 4) On December 15, 2014, in New York, New York, Deputy Assistant Secretary for DRL Karen Hanrahan raised the VPs in her remarks during an open dialogue on the U.S. National Action Plan on Responsible Business Conduct.

Written Statements

- 1) On August 4, 2014, the VPs were referenced in the White House Fact sheet released during the African Leaders Summit: <http://www.whitehouse.gov/the-press-office/2014/08/04/fact-sheet-us-support-democratic-institutions-good-governance-and-human->.
- 2) In line with our commitment to make the VPs Initiative as transparent as possible, the U.S. government published, for the second time, a public report on VPs implementation on April 10, 2014. The report includes a foreword by Under Secretary of State for Civilian Security, Democracy, and Human Rights Dr. Sarah Sewall: <http://www.state.gov/j/drl/rls/vprpt/2013/224673.htm>.
- 3) In April 2014 the State Department issued a press release immediately following the 2014 Annual Plenary Meeting

in Switzerland, communicating important occurrences at the Meeting, including Ghana's announcement to join the VPs Initiative. <http://www.humanrights.gov/dyn/the-voluntary-principles-on-security-and-human-rights-initiative-welcomes-ghana/>

4) The U.S. government Approach to Business and Human Rights highlights the VPs Initiative as a key tool to address human rights and security challenges in the extractives industry: <http://www.humanrights.gov/dyn/u.s.-government-approach-on-business-and-human-rights>.

5) The U.S. Burma Responsible Investment Reporting Requirements ("Burma Reporting Requirements") cite the VPs as a key source of guidance for the extractives industry on questions regarding arrangements with security providers. <http://www.humanrights.gov/wp-content/uploads/2013/05/responsible-investment-reporting-requirements-final.pdf>. The Appendix to the Burma Reporting Requirements also cites the VPs Initiative as important guidance tool: <http://www.humanrights.gov/wp-content/uploads/2013/06/burma-reporting-requirements-appendix-updated.pdf>.

6) The White House published a fact sheet on the Obama Administration's leadership on International Human Rights which mentions the VPs Initiative as a key example of how the U.S. government partners with other governments, civil society, and companies to promote human rights and security in the extractives industry. <http://www.whitehouse.gov/the-press-office/2013/12/04/fact-sheet-obama-administration-leadership-international-human-rights>

7) DRL mentioned the VPs as a key priority for DRL's Business and Human Rights team in its Business and Human Rights Fact Sheet. This fact sheet is made available to all participants at business and human rights workshops hosted by the US government, and is regularly provided to the Business and Human Rights teams' contacts during meetings. <http://www.humanrights.gov/dyn/issues/business-and-human-rights.html>

8) The U.S. government has published the VPs fact sheet on the U.S. Department of State website, <http://www.state.gov/j/drl/rls/fs/2012/index.htm> and on HumanRights.gov, the U.S. government-wide website on U.S. government engagement on international human rights, <http://www.humanrights.gov/dyn/the-voluntary-principles-on-security-and-human-rights.html>.

Overview of In-Country VPs Processes

U.S. embassies facilitate VPs outreach and implementation through various mechanisms, including by: assessing which VPs participants are operating in country; identifying and building relationships with host government officials and local partners; convening multi-stakeholder meetings with VPs participants, local communities, and host government officials; and facilitating communication between DRL and embassy officers to report developments and identify opportunities.

Conclusions and Looking Ahead to the U.S. Government Chairmanship Beginning in March 2015

The VPs Initiative has been considerably strengthened over the last several years. In order to build accountability, credibility and effectiveness of the VPs Initiative, we will continue to focus on support for verification of implementation. Verification is important to ensure to the satisfaction of both VPs Initiative participants and the public that companies are meeting their commitments under the VPs. It is a key component of VPs implementation and critical to making the VPs Initiative sustainable long-term. A robust verification framework is an essential ingredient to a successful multi-stakeholder initiative. We are pleased to see so many corporate pillar participants involved in developing the corporate pillar verification framework, and encourage all corporate pillar participants to publicly demonstrate commitment to it and participate in it moving forward.

The U.S. government continues to be encouraged by the advancement of dialogue and trust-building across pillars. Despite some challenges, participants have made enormous strides in communicating candidly with one another. Through our outreach, on phone calls, and in our meetings in Washington and abroad, the U.S. government continues to re-emphasize that the VPs Initiative's greatest strength lies in its ability to serve as a platform for candid

discussion and collaboration around shared objectives, including successes and challenges experienced during implementation. We will keep reiterating this message.

With the U.S. government's announcement of our commitment to develop a NAP for responsible business conduct coinciding with our 2015 VPs Chairmanship, many exciting opportunities lay ahead for advancement of implementation of the principles on the ground and strengthening the VPs Initiative overall. Given the importance of multi-stakeholder initiatives to the U.S. government's engagement with companies abroad, we have the opportunity to shine a light on the good work being undertaken by VPs companies, and to continue to strengthen the VPs Initiative in line with U.S. objectives for responsible business conduct.

The U.S. government remains deeply committed to the VPs Initiative. We are energized by the work we did this year to enhance the stability of the VPs, and look forward to continued success and collaboration with all participants.