

Dutch Gold Sector **IRBC** Agreement

*Partnership for international responsible business
conduct has broad support*



Working on a responsible gold chain

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Introduction

A unique and broadly supported partnership has been established in the Netherlands to encourage the entire international gold supply chain to work according to OECD and UN standards. Businesses, unions, ngo's, industry associations and the Dutch government have signed up. Although the participation is voluntary, the specific and firm nature of the targets committed to shall result in a sustainable value chain.

What are the benefits of the Dutch approach?

- By the end of the agreement period, the relevant industry associations will have practical codes of conduct for their members for the responsible procurement of gold.
- The partners have already launched a number of joint programmes aimed at improving circumstances in gold mines as well as promoting the gold recycling. They intend to use the gold mined there.
- They are also collaborating to hold their suppliers accountable for identified severe violations.

Who has joined?

Eighteen partners have currently signed the agreement, with the expectation of increasing the number to forty in two years. One signature, however, represents several sub-stakeholders. The Dutch Gold and Silver Federation (FGZ) has a membership of more than 1000 jewellers. The Dutch Guild of Goldsmiths represents 100 goldsmiths. The Netherlands Trade Union Confederation (FNV) has one million members. And Philips is a major multinational corporation of global influence.

Dutch gold sector IRBC agreement

The signatories are



Unique approach

The Netherlands has adopted a unique approach for securing supply chain sustainability. A business or industry association acting alone cannot effectively tackle many of the human rights and environmental problems in the gold supply chain. Working together, however, allows the partners to coordinate and concentrate their efforts. The Dutch parliament monitors and scrutinises the impact of the agreements. Should they fail to achieve the intended benefits, then the government could undertake mandatory measures.

The Dutch approach can be traced back to 2014, when the Social and Economic Council of the Netherlands (SER) recommended concluding multi-stakeholder agreements to promote international responsible business conduct. The SER is one of the Dutch government's key advisory bodies. It based its recommendations on the OECD Guidelines for Multinational Enterprises and defined the requirements that such an agreement should meet.

Following the SER advisory report the Dutch government ordered a study of the risks associated with the gold sector. The conclusion was that the gold supply chain is linked to a number of serious environmental and human right risks. Businesses can find themselves implicated in mercury contamination, violent conflicts, child labour or hazardous working conditions. Although most of the gold used in the Netherlands is recycled, it may still be indirectly linked to violations.

The gold agreement satisfies the SER's requirements for multistakeholder agreements. It supplements the European Union's Conflict Minerals Regulation, which aims to minimize the risks associated with the large-scale import of conflict minerals. The agreement promotes projects that have a positive impact and focus on both smaller and larger stakeholders in the supply chain.

What should businesses do?

The signatories endorse the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. They commit to:

1. Develop a due diligence management system that complies with the OECD Guidance.
2. Examine where in the chain they run the risk of becoming implicated in human rights or environmental abuses.
3. Develop a strategy for dealing with any such risks.
4. Where relevant, they order independent inspections of smelters and refineries.
5. Report on the foregoing steps.

Industry associations

The relevant industry associations are drafting a code of conduct that encompasses the five steps listed above. Smaller member firms can suffice by signing and complying with the code. Large member firms are encouraged to become parties to the agreement.

Existing members are urged to sign the code of conduct. New members will be obliged to do so.

The industry associations must file annual reports on the uptake of their code of conduct with the SER which acts as the secretariat for the agreement. They must also monitor the impact of the code and support their members with complying with the code. They can publicise their commitment by using the tagline 'Working on a responsible gold supply chain'. The industry associations will help develop impact projects and consider how to channel the gold produced in these projects onto the Dutch market. Like others in the partnership, they are also expected to encourage other businesses to join the agreement.

Projects with a positive impact

A number of projects are already under way that aim to improve circumstances in the gold supply chain. Most of these involve recycling electronic waste and addressing conditions in artisanal and small-scale mines. The signatories to the agreement will support the most relevant projects, for example by ensuring that the gold they produce enters the commercial supply chain. They can also help improve project efficiency by offering monetary support and expertise. Raising the awareness of the customers about sustainably sourced gold is part and parcel of the efforts. The first impact project, combatting child labour, has already started in Uganda.

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Benefits for all

The agreement helps the Netherlands to achieve the UN's Sustainable Development Goals, especially goal 12, which concerns sustainable production and consumption patterns. There are benefits for all the parties involved. Increasingly, governments at all levels sets responsible business conduct as a requirement in public procurement procedures. Businesses that participate in the agreement can demonstrate their efforts in this regard. Ngo's and unions must consider the responses of the agreement partners when drawing up a report on issues in their supply chain. By cooperating with the government and businesses, civil society groups can achieve more in the value chain than when they act alone.

Transparency is key

To have an effect, the parties must be transparent in three areas.

1. Risk management systems.
2. Identified risks.
3. Development and use of a strategy for tackling risks.

The businesses aim to lead the way in being transparent about the refineries and smelters in their supply chain. In five years' time, they intend to have a clear picture of where their gold is refined and smelted. They are addressing this in a way that avoids potential violations of Anti-trust laws, and fosters cooperation on making improvements.

The many roles of government

The government is an important partner in the agreement. It acts as a funding body, purchaser and driver (through regulatory channels). It can also benchmark international corporations with branches in the Netherlands against the OECD standards, thereby pressuring them to make improvements. Dutch diplomats can persuade countries to sign, ratify and implement the United Nations Minamata Convention on Mercury.

How are things organised?

- The agreement will remain in effect for a five-year period. Progress will be evaluated after one year.
- A steering committee oversees implementation. The committee consists of an independent chairperson and two representatives of the business sector, government, and civil society groups respectively.
- The SER provides the partnership with secretarial support. A progress report will be published every year.
- There are three working groups:
 1. Due diligence, monitoring and support
 2. Positive impact projects
 3. Increasing and using collective leverageThe agreement partners participate in at least one of the three working groups.
- The steering committee resolves any disputes concerning the implementation of the agreement.

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