

# The National Round Table on Gold

Report on the discussions and outcomes of  
the National Round Table on Gold (June 9,  
2015 in The Hague)



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RESEARCH & ADVICE

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## Contents

<b>Introduction</b> .....	<b>1</b>	
<b>Chapter 1</b>	<b>Plenary morning session</b> .....	<b>2</b>
1.1	Opening, establishing the agenda and introduction of the participants	2
1.2	Keynote speech: Why are we here today? .....	2
1.3	Presentation of research findings ‘Options for Sustainability – A strategic assessment of the gold chain’ .....	3
<b>Chapter 2</b>	<b>Morning working groups</b> .....	<b>4</b>
2.1	Working group 1: Gold and Ecosystems.....	4
2.2	Working group 2: Gold Trade, Human Rights and Financial Flows.....	7
2.3	Working group 3: Gold Trade, Labour Rights and Gender .....	10
<b>Chapter 3</b>	<b>First plenary afternoon session</b> .....	<b>13</b>
3.1	Presentation of the policy options of the study ‘Options for Sustainability – A strategic assessment of the gold chain’ .....	13
<b>Chapter 4</b>	<b>Afternoon workshops on policy options</b> .....	<b>15</b>
4.1	Workshop 1: Colombia, formalization and mining as an engine for development.....	15
4.2	Workshop 2: Conflict Free Gold from the Great Lakes Region? .....	15
4.3	Workshop 3: Water & goldmining. What can the Netherlands do? Focus on South Africa .....	18
4.4	Workshop 4: Urban gold mining in NL and overseas .....	20
4.5	Workshop 5: Financial actors in the gold chain pushing for responsible mining .....	22
<b>Chapter 5</b>	<b>Final plenary session</b> .....	<b>25</b>
5.1	Poll on recommendations.....	25
5.2	Summary of the most important conclusions of the day .....	26
5.3	Speech by Minister Ploumen.....	27

## Introduction

This report presents the notes of the National Round Table on Gold on 9 June 2015, organised by the Dutch Ministry of Foreign Affairs.

Participants in the National Round Table were, among others: Directors of wholesalers, importers, recycle companies, smelters, representatives of jewelers, goldsmiths, scientists, investors, engineering bureaus, civil society, trade unions and policy makers. The objective of the event was to reach a consensus with broad support on the outlines of the Dutch policy on the sustainability of gold and to launch the agenda in this area of the Minister for Foreign Trade and Development Cooperation, Mrs. Ploumen.

This report summarizes the discussions and presents the outcomes of the Round Table. The report addresses every agenda item that was discussed and lists the subject, main discussions points, recommendations and commitments made by the involved parties for each agenda item.

## 1. Plenary morning session

### 1.1 Opening, establishing the agenda and introduction of the participants

*By: Dirk-Jan Koch*

Dirk-Jan Koch establishes the agenda and introduces the participants. He first gives an example of a person in Kenya who works in bad conditions searching for gold. After that, he introduces the different groups involved in the gold supply chain that are present today.

### 1.2 Keynote speech: Why are we here today?

*By: Gregory Mthembu-Salter: Lead researcher OECD – Great Lakes Gold studies*

For many years, and also as a member of the United Nations Group of Experts on the DRC, Gregory Mthembu-Salter has investigated mining in the Great Lakes region. In the Group of Experts, investigations focused on sanctions violations in the area, with regards to direct or indirect support for armed groups. The Group of Experts successfully expanded the definition of 'armed groups', to both state and non-state groups. Furthermore, the Group of Experts has also argued that downstream actors need to be held responsible too for sanctions violations in the mining industry. These include refiners, jewellers, banks and even an electronics company using gold from which armed groups profit.

Business responded negatively to these suggestions, stating that it is difficult to always know what happens upstream in the supply chain. At the same time, NGOs accuse businesses of being complicit in the human rights violations that occur in the supply chain. Eventually a compromise was reached, which is a due diligence approach. This means that businesses must understand the supply chain and take action where necessary, with each actor checking its own supplier. In this process, the refinery is a key point for implementing due diligence, all the way down to the mine site. Meanwhile, it is important that NGOs continue to check on progress in this area.

The Group of Experts' guidelines for due diligence were published in 2010. Where are we now, five years later?

The results of five studies into gold due diligence implementation in the supply chain presented some key findings.

- the Congolese armed forces and/or armed groups control roughly 60% of visited gold mines;
- the concession holders of the mines have no access to the gold in the visited mines;
- the rebel groups do not profit from the mines but in all of the mines, the commanders of the armed forces are taking the legal profits, and so are some politicians.

In general, reduced violence in recent years has also led to a reduction in the profitability of gold in the DRC. However, the region is at a dangerous stage. If president Joseph Kabila does not stand down in 2016, it is predicted that militias will increase in number and gold will again be in use as a conflict mineral. Furthermore, while responsible sourcing organisations have pushed armed forces out of mines, artisanal mines remain problematic. 98% of artisanally-mined gold is smuggled, estimated at 10 – 15 tonnes a year.

There are several reasons for the levels of smuggling in the DRC, including high taxes, a difficult environment for legal traders to compete, corruption and the ease with which gold is

transported out of the country. Most Eastern DRC gold goes to neighbouring countries and from there to Dubai, Turkey, China, Switzerland and Germany. Responsible sourcing initiatives and due diligence processes have made it somewhat more difficult to travel with gold in hand luggage without documentation. However, at the main destination of smuggled gold, the Dubai Gold Souk, there is little interest in the origin of gold, meaning that it quickly becomes untraceable. It is currently very easy to bring in problematic gold into the EU.

For the Netherlands, many options are available to help improve the gold supply chain. The Dutch gold and jewellery industry must implement the OECD due diligence and responsible sourcing guidelines. Refiners and jewellers should deepen their understanding of the supply chain. Investors and bankers should investigate the companies they invest in and include satisfactory reporting as criteria for investment. Moreover, is enough information being demanded? Are good, public reports rewarded? This should be implemented all the way up the supply chain: buyers of gold must ensure that their suppliers are also implement these guidelines.

Moreover, the sector must be prepared to build relationships in the gold supply chain, to visit the artisanal mining sites and to take part in multi-stakeholder committees, to support and assist suppliers in their environmental and social needs and improve natural resource governance.

The final goal must be to help create conditions in the DRC where diggers can mine gold without financing armed forces, where it is harder for the army to collect profits, where downstream suppliers implement due diligence and contribute to improving the supply chain and investors demand informative reporting. In turn, the Dutch government should implement gold import and export rules to facilitate and encourage the private sector to do its due diligence.

### 1.3 Presentation of research findings on the global gold supply chain

*By: Jan Willem van Gelder, director Profundo*

The study 'Options for Sustainability - A strategic assessment of the gold chain' was undertaken for the Dutch Ministry of Foreign Affairs by Profundo in collaboration with Ron Smit Consulting. The main objective of the study was to develop policy options through which the government of the Netherlands – in collaboration with different stakeholders such as Dutch companies, civil society organisations and international partners – aims to make a significant contribution to improve sustainability in the global gold supply chain. Methodologically, it is based on literature study and interviews with 20 key informants.

The presentation covered the following dimensions:

- The global gold supply;
- The global gold trade;
- Key applications of gold;
- Gold consumption in the Netherlands;
- The role of the Dutch finance sector in the global gold supply chain;
- Sustainability issues in the gold sector
- Sustainability standards and initiatives

Given that the report revolves around sustainability issues within the global gold supply chain, Van Gelder zoomed in on the key issues that pave the way for the formulation of policy options to improve sustainability within the chain. The issues are grouped into three general categories: environmental, social and supply-side. More specifically, these are: deforestation,

psychical land alteration, biodiversity impacts, mining waste issues, water and chemical management, health and safety issues, labour conditions, and impacts on local communities.

Van Gelder concluded that the global gold chain does not need new initiatives in order to make the global gold chain sustainable. Existing initiatives and rules and regulation need to be strengthened and implemented further.

## 1.4 Responses to Profundo study

Jennifer Horning – Solidaridad International Gold Manager – and Helen Crowley – Kering Group (amongst other Gucci) Manager Supply Chain Sustainability Innovation – shared their views on sustainability in the global gold chain. Jennifer Horning gives answers on three questions asked by Dirk-Jan Koch:

- Do you agree with the (Profundo) analysis? Horning agrees in a large part with the recommendations and, also, proposes a few other dimensions that relate to the study. Such as:
  - focus on gold production in conflict-free countries as well besides gold production in conflict countries;
  - engage China and India in the dialogue (as they are key players in the global gold chain);
  - add more analysis on the interconnection between ASM and LSM; and
  - provide a detailed analysis on the financial options for the ASM.
- What could be the role of the Netherlands in the global gold chain? Horning thinks that the Netherlands can play a significant role in harmonizing the interests of other countries within the global gold chain. Also, the Netherlands can contribute by identifying the interrelated linkages between the global gold chain and other relevant sectors.
- What could be the role of Solidaridad? Horning could not answer this question due to time constraints.

Helen Crowley briefly outlined a few actions of the Kering Group within the field of sustainability. The Kering Group has 18 luxury brands (a.o. Gucci) and 5 sports brands (a.o. Puma). Crowley explains Kering's sustainability targets on sourcing only certified gold by 2016. She also underlines the increasing relevance of the Environmental Profit and Loss Account within the Group. She also raises the issue of 'how to scale-up certified gold'.

## 2. Morning working groups

The morning working groups discussed some of the most significant risks in the gold supply chain in more detail.

### 2.1 Working group 1: Gold and Ecosystems

<i>Moderator:</i>	<i>Koen de Snoo (Ministry of Infrastructure and the Environment)</i>
<i>Rapporteur:</i>	<i>Maartje van Putten (NCP)</i>
<i>Panel member 1:</i>	<i>Liliana Jauregui (IUCN Netherlands)</i>
<i>Panel member 2:</i>	<i>Alejandra Laina Agudelo (Fundacion para la Conservacion y el Desarrollo Sostenible)</i>
<i>Panel member 3:</i>	<i>Kees den Herder (Ministry of Infrastructure and the Environment)</i>

This working group focuses on the state of affairs and existing initiatives in cooperation with International Union for Conservation of Nature and Natural Resources (IUCN) and Friends of the Earth Netherlands.

The meeting starts with a short movie from Milieudefensie (Friends of the Earth Netherlands) and IUCN about the harm done by extracting/mining. Different locals talk about how mining influences their lives and the environment. After the movie, the working group starts.

Koen de Snoo starts off the meeting by introducing the panel members. Then, he asks the audience if they have any questions/reflections before the panel members will start to speak.

The questions/reflections from the audience:

- Where is the recycling aspect on this panel/workshop?
- Can we also discuss some hopeful example, cases which are promising?
- What is the 'engine of development' discussed in the Profundo report, how sustainable is it?
- Can we discuss alternatives for mercury?

Liliana Jauregui introduces the other panel members and gives the floor to the male speaker (name unknown, fourth panel member). He provides specific information on gold mining in the Amazon, based on a case study on the political economy behind the illegal mining sector.

He begins with stating that the Amazon is very important for the world. It for instance has a large influence on rainfall. After that, he states that deforestation is a big threat for the biodiversity and the inhabitants of the Amazon region.

Most of the mining in the Amazon is happening in Brazil and Guyana. Some presented facts:

- 21% of the Amazon basin is of interest for mining activities;
- 50% of this area is under request;
- 30% is under exploration;
- mining areas occupy almost 20% of national protected areas and 19% of indigenous territories.

He states that there is a link between the use of mercury and small scale mining. Colombia, Bolivia and Peru consume the most mercury. The main environmental impacts of the mining in the Amazon region are: mercury contamination and biodiversity loss.

Furthermore, his presentation shows that there is illegal mining in Colombia. More than 50% of the exported gold from Colombia comes from illegal and non-formalized small miners. And there are other problems in Colombia: mercury pollution and soil removal, alteration of ecosystems, important timber species and animals that are affected by the pollution. These affected sources are important for the indigenous people.

He states that the social impacts of gold mining are huge: mercury contamination, labour exploitation, violence and social conflicts and organised crime: links with armed groups.

Finally, he presents some recommendations:

- Need for better strategies to improve information for decision makers on long term impact on ecosystems;
- Strengthening policy framework (e.g. land use planning and stakeholder) to avoid perverse incidents and conflicts;
- Assure traceability of gold value chain;



- Promote best technological practices for small scale mining (e.g. Brazil and gravimetric technologies).

After his presentation, Koen de Snoo gives the audience the opportunity to ask some questions:

- Question: Can you elaborate on the different definitions of small/large scale mining?
- Answer: Illegal mining definitions differ amongst countries, usually small-scale miners do not have the necessary permits to mine. This is causing a lot of conflicts, so countries try to adjust rules so that small-scale miners can continue their work, thereby trying to reduce the conflicts. The relationship with large-scale mining is that small-scale miners operate in large-scale mining areas, this creates conflicts and usually the government does not intervene.
- Question: The title of your case study talks about policy issues, could you elaborate on these issues a bit more?
- Answer: A special focus of our research is on border sites, these have very specific dynamics, for instance because of differences in tax systems in the surrounding countries. These border sites are a clear case of policy issues and these border sites are very hard to regulate.

After these questions, the floor is given to Alejandra Agudelo. She speaks about the role of the government in Colombia. According to her, regulation about gold mining is a priority for the government of Colombia. Recently, the developed program has been approved for four years. This plan also incorporates ideas on the capacity building that is needed: Terms of reference, environmental assessment, and legislation. The plan is also linked to the Colombian Ministry of Energy and Environment. The ultimate goal of the plan is to accommodate sustainable mining and to allow enforcement of environmental regulation in Colombia.

Agudelo also states that for a for a lot of countries in the Amazon region in the 90s no priority was given to the development of regulation on mining.

After that, Agudelo speaks about the problems concerning the border regions between Amazon countries. It is very hard to make proper legislation for that region, and even harder to govern this regulation. This is especially related to the use of mercury, which is used on a very regular basis in these border regions. More monitoring/information is required to show the dangers of mercury to the people. Agudelo states that last year a law on mercury was approved in Colombia. The aim of this law is to reduce the use of mercury in five years. For other industries the reduction horizon is 10 to 15 years.

Finally, Agudelo states that there is a need for mining authorities, but they need to be improved. There is also a need to empower local people, only using the army and force does not work when trying to improve working conditions and address pollution. Some local miners are already giving the right example, government should focus on those experiences.

After these words of Agudelo, Koen de Snoo presents the final panel member, Kees den Herder. He is a mercury specialist from the Ministry. In the past, he was involved in the permitting, transport and treatment of waste in the Netherlands.

Den Herder talks about the mercury strategy in Europe: there is a convention, established at the end of 2013. 130 countries have signed the convention, but only 12 countries have ratified it. The goal of the convention is to reduce the use of mercury. The convention requires that countries that have small-scale mining operations are supposed to make an action plan to reduce the use of mercury. The conditions for the action plan are in the convention.

Den Herder further states that an export ban of mercury from EU to other countries already exists, but not all EU countries stick to this ban, the mafia for instance exports mercury when prices are high.

Finally, Maartje van Putten is asked to provide some concluding remarks. She states that information and enforcement are the most important words of this working group.

## 2.2 Working group 2: Gold Trade, Human Rights and Financial Flows

*Moderator: Kees van Baar (Human Rights ambassador)*  
*Rapporteur: Frank de Buijs (Vereniging van Nederlandse Metallurgische Industrie)*  
*Panel member 1: Kathryn McGauran (SOMO)*  
*Panel member 2: Joost van Puijenbroek (PAX)*  
*Panel member 3: Lotte Hoex (IPIS)*

Lotte Hoex, working for the International Peace Information Group that researches conflicts, focuses on mining in the DRC International Peace Information Group. For her work she regularly visits mines in mainly the eastern parts of the DRC in order to gather information about labour conditions in the mines and about the presence of armed groups, the army and other types of repression. Armed repression can form a potential risk to human rights abuses as it mainly occurs in artisanal mines.

Thereby artisanal mining has seen a real increase in the last couple of years in the DRC while in 2013, 57% of these mines had to cope with the presence of an armed group or the military. When the military is at an ASM site, they are not doing their job to protect people. They tax illegally in most cases. Armed groups and the army often also dig for minerals themselves, are active in buying and selling minerals, may force local populations to work for them or may force miners to pay taxes on either their incomes or minerals excavated. Every time IPIS visits these artisanal mines, they map what kind of control there is in the mines.

ASM in DRC is a bit higher than the 16 tonnes produced by LSM in DRC. IPIS has already seen 850 mines with 10 tonnes of output. 185,000 people working there.

Joost van Puijenbroek, working for PAX in the Great Lakes Area, works in the main gold area in east Congo. Here, he has been researching large mining companies, amongst others AngloGold Ashanti. However just when PAX wanted to publish their research on this company, Ashanti stopped being active in mining in that region. AngloGold stopped with exploration, because of problems with ASM, gold price and strikes in SA. Mwangalu Gold controls the concession areas of AngloGold now, they are the former managers of AngloGold's operation in DRC who got loans from the company for a buy-out.

A comparable case has occurred with Kibali Gold: this company either stopped or is still exploring while it refuses to communicate. In such cases, no one has a clear defined role and no one knows who's responsible for what. Almost always volatile repression by the police occurs, with objectives that are not always clearly definable.

Another example is the Kilo Goldmines case. Kilo Goldmines has a concession right next to the national park Okapi but also continually attempts to dig inside the park. As a consequence, Kilo Goldmines workers are continually chased out of the park, but then continually enter again once the park vigilantes have left. As in these cases, Van Puijenbroek articulates the (degree of) illegality as a key issue in artisanal mining. The government of the DRC sees ASM as illegal, although their operations are taxed and legitimate, because all concession areas are sold to big companies. The fact that artisanal mining is illegal makes any certification impossible to do. In addition, there is a profound lack of political will.

After this introduction questions are asked:

Mattheus van der Pol working at the Ministry of Economic Affairs wonders what kind of role gold plays in creating economic benefits to local people. Joost van Puijenbroek (PAX) answers that there is currently a boom of construction in the cities that can all be attributed to the gold sector. However, this market is volatile. ASM brings development in North-Eastern province, while the LSM do not. Of the five LSM, only Kibali is in operation. But it does hardly contribute to local development, as the tax money goes to the capital or the army.

Lotte Hoex (IPIS) adds that a huge number of people directly work in the mines and that there is an entire population dependent on the incomes generated by workers in the gold mines. She thinks that there is a real chance for development but that this is held back by corruption in the government or by armed groups.

Isabelle Ramdoo working at ECDPN, a think tank in Maastricht, asks whether the panel members have seen any link between the mining industry and other economic activities, such as agriculture. Secondly, she asks whether the different initiatives existing in this sector are felt on the ground and whether the panel members have any concrete examples of that.

Unfortunately, the panel members don't have a good answer to these questions. Apparently, they do not know any example of an internationally set-up initiative that has had real effect on gold mining in the Great Lakes region.

Gregory Mthembu-Salter working at the OECD as a lead researcher on the Great Lakes gold issues has a question about Kibali, as he wonders whether those artisanal miners come back after they have been relocated by police or other armed forces? Thereby he mentions an AngloGold case. Joost van Puijenbroek (PAX) answers that there might be a mix-up with the re-localisation. He estimates that among 5 -10,000 people from 8-10 mining sites were moved. Once evacuated the area is completely in the hands of AngloGold who then maintain a presence in this area. AngloGold doesn't want any presence of artisanal mining in their area.

Next, a comment made by Paul Schure of the Artisanal Gold Council about the concept of (il)legal mining. He argues that legal mining companies think they act legally but they don't, because they are unaware of existing rules, or these rules are too difficult to implement. He states that it's a misrepresentation to use the term 'illegal' for artisanal mining, which has often been used interchangeably. Joost van Puijenbroek (PAX) answers that the moment a concession is sold to an industry, it makes all artisanal mining illegal. Many artisanal miners have to pay taxes to a variety of receivers.

Lotte Hoex (IPIS) adds that nevertheless, they don't have numbers with regard to the data of (illegal) taxing. Puijenbroek (PAX) then adds that it is difficult to access artisanal mining areas because most of these have been controlled by the army or armed groups since 1965. The population here is suppressed and they are located in remote areas, too.

Hoex adds that 'illegal' is not to be confused with conflict mining. 57% of the gold mines researched by IPIS in DRC is financing conflicts, although 98% is smuggled out of the country. So there is a significant volume of gold which is illegal, but not conflict-gold. Definition of what is conflict-mineral is not clear.

A question is then posed by Sabine Luning working at Leiden University. She asks IPIS why they provide this information on their website, and for whom? Hoex (IPIS) answers that they provide this information for anyone, and amongst others for the mining companies so that it becomes clear who is illegal. IPIS conducts this research together with the national mining authorities in DRC and as such it is also meant for the Congolese population and the DRC army.

Jennifer Horning working at (Solidaridad) then comments about a pilot project in Peru of small-scale miners working in LSM areas in order to exchange practices. The idea behind it is that local ASM can turn into a formal agreement with LSM. Horning asks whether this would be attractive for the DRC and the Netherlands to influence that process? An answer is provided by

Puijtenbroek (PAX), stating that semi-industrial mining has to cope with two issues. The first issue is that it's very mobile, therefore they are difficult to trace as they take their big machines with them, leaving the areas as they wish. This makes them difficult to research. A second issue concerns that semi-industrial miners are not connected to anybody, and hence no one knows who they are. There is however an indication that the sector is becoming industrial.

A comment is then made once more on the difference between conflict- and illegal mining: A research conducted by the Ministry of Economic Affairs has been tracking and tracing 500 supply chains of minerals. It provides information on the different dimensional indicators that reflect conflict minerals and could serve as a solid way to define what conflict minerals are.

Ester de Haan working at SOMO then comments that sustainable gold initiatives mostly focus on purely the conflict effect. There are however also other areas in which these initiatives could have an impact. Hence, she asks what the panel members can see on the ground, of these initiatives on other issues like human rights?

Yannick Weyns (IPIS) answers that there is an impact on the ground of regulations and initiatives on 3T, but not for gold. There is a real need for that. Validation missions of governments, NGOs, UN are going on, but their definition of human rights is pretty narrow, focussing mainly on women's and child rights, and then also a pretty basic approach of the rights of these groups (so-called human rights of the first generation).

Now, the third panel member introduces herself, giving the discussion another direction. Kathryn McGauran working at the economic justice team of SOMO states that the Netherlands plays a main role in the financing aspect and the trust industry sector of gold production chains. She notes that every single extractive company except for Chinese companies are located in the Netherlands through shell companies. Around 80% of Dutch foreign investments (in any sector) is mailbox related. The reason behind this is to avoid tax payments. As such, human rights behaviour of all these companies in mining should be regarded Dutch. A regulatory approach necessary, the shell companies should be liable for human rights violations. Furthermore, she states that legality is actually contested on the ground, as things are often legal until they are declared illegal in court. The same occurs with tax avoidance. To tackle the shell industry of the mining sector means actually tackling a lot more. As such, the research should be set up in order to see whether the Netherlands was complicit in human rights violations in other countries through mailbox companies. Additionally, shell companies in the Netherlands are connected to tax havens. This link directly connects the shell companies to human rights.

Eelco de Groot working at DHV Haskoning states that besides macro levels of tax avoidance there is also a micro level. Having recently joined as a member of EITI, he asks whether anyone knows about tax avoidance at micro levels, such as the national and local level. McGauran (SOMO) answers that they only focus on large company research and cannot answer this question. Hoex (IPIS): answers that the army, rebel groups, and governments unwilling to cooperate definitely participate in tax avoidance but it is not certain at what levels this occurs.

Arthur van Mansvelt, working as SRI analyst at Triodos Bank, asks whether country by country reporting for MNCs is the way to go. McGauran (SOMO) answers that it is, because this type of reporting is important for knowing where profits and taxes end up. However the first results of this type of reporting still have to appear. McGauran emphasises that beneficial ownership of legal entities is also important so that the final destination of financial flows can be identified. She comments that next week there will be a vote in the European Parliament about setting up a public database on beneficial ownership in the EU, as part of the AML regulations.

The rapporteur of this session, Frank Buijs, working at the Dutch Metallurgical Industry, wraps up the discussion as follows.

As he represents the metallurgical industry (50,000 employees), he wants to add that a recent KPMG study specifically highlighted the metals and electronics sector as a risky sector, in which not only gold should be important. The Dutch Metallurgical Industry thinks that the discussion should focus more on mining and recycling outside the EU, and on asking ourselves the question: “Do we expect guidance and leadership from the Netherlands?”. Taking this role may seem tricky at first as our role in this market is really small: The Netherlands doesn’t have any mining companies, only some recyclers. The Netherlands should focus on where we can actually be the most effective and most efficient. Some legislative remarks include that we may consider avoiding certain difficult areas (such as 3T+G mining) and develop clarity on the geographical scope of legislation (i.e. the Dodd-Frank Act has a clear geographical scope, which is good). Furthermore, we may consider enlarging the scope from focusing on gold only, to looking at the whole metal sector and we should reconsider on how to deal with existing initiatives. The Netherlands should acknowledge how big we are and engage with stakeholders in the international market on these issues.

### 2.3 Working group 3: Gold Trade, Labour Rights and Gender

*Moderator:* Bartjan Wegter (Ministry of Foreign Affairs)  
*Rapporteur:* Edzard van Engeldorp Gastelaars (Amsterdam Gold)  
*Panel member 1:* Thijs van Brussel (Hivos)  
*Panel member 2:* Vivian Vaessen (FNV)  
*Panel member 3:* Matthew Bliss (Cordaid)

The problems of labour rights, gender and child labour in the gold industry form a complicated challenge. The Profundo report shows that as a starting point, small-scale or artisanal mines require particular attention in comparison to large mining operations. Different countries present different problems and sometimes require varying approaches.

According to Matthew Bliss (Cordaid), mining problems in Colombia are mainly related to the environment and to the ability of people to be heard. In Colombia we should also distinguish between large-scale, small-scale and mechanic mining. In South Sudan children make up 10% of workers and women account for 30%. It is estimated that there are 50,000 miners in 6 to 9 states. Here it is important to point out that work does not only occur inside the mines, but also around mines. For most, money is a short-term draw and is now displacing farming, leading to food and health issues. Conditions are poor already and often these issues are not new, but mining does exacerbate them.

In a country like Ghana, there exists a strong stigma against artisanal mining, with the government showing unwillingness to address the problems in this sector, despite the fact that small-scale mining constitutes roughly 15% of the national economy. In Peru the government is highly involved in formalising the sector, which is developing quickly. Here mining organisations themselves have taken the initiative, with a desire to improve the situation, after which the government became involved. Once a government recognises economic potential and makes an industry transparent, things can move quickly.

Experiences from business show that distrust of fair trade gold in the market place is high. Other obstacles include segregation in the industry in terms of suppliers, frequent negative feedback from goldsmiths and suppliers about the cost of fair trade gold and many communication problems. The central issue is that at present it is not cost effective to invest in fair trade gold, with shortages leading to fears that the supply chain will fail. Moreover, consumers are not willing to pay for certified gold, or do not have the information to motivate a willingness to pay. Furthermore, implementing one piece of fair trade in your collection tends to

highlight the imperfections of your own system. It is argued that consumers can potentially have a big impact but that it is tricky to rely on the consumer. There is a lot to gain in this regard. Awareness raising campaigns are essential, as many people are not familiar with these problems.

Solidaridad states that transparency could also prove useful on this issue. If we can show where gold comes from, that there exists a diverse mix consisting of, for example recycled, Canadian, sustainable and unsustainable gold, this might improve the business case for jewellers. For business, corruption also remains a large and difficult problem, which is also country dependent.

FNV Mondiaal and Cordaid argue that it is necessary to isolate and then shrink the group of corrupt officials within a community. Here transparency is again important, as by increasing transparency people should eventually feel safe enough to participate and discuss the corruption in the mining industry, otherwise no one will cooperate.

Vivian Vaessen of FNV Mondiaal describes an approach of setting up unions for workers in the mining industry. However, there is a lot of variation between countries. For example, in Ghana unions already exist but a decline in workers in the formal industry in recent years, with an increase in the small-scale mining industry, has led to difficulties with unions. In Ghana it is not possible to join a union for those active outside the formal industry. Furthermore, it is sometimes difficult to distinguish between large and small scale mining.

In the DRC the structure of the trade unions is different – since 2010 everyone can set up a confederation as long as workers are kept quiet. In the DRC new union growth has been rapid, with 9,000 paying union members at present. Of these members, more than 2,000 are women. There is no union structure in the DRC, in contrast to Ghana where the unions are quite established, with the downside of not allowing everyone to join. In some countries joining the unions is expensive, or even dangerous. People are therefore often secretive and careful.

In South Sudan many social systems are underdeveloped, but it is stated that formalising could help address poor working conditions, sanitation, the break-down of family structures and living conditions. Registration is already helping to formalise processes, increase licensing and form alliances, but many people do not know that they ought to register – especially women and children are thereby left out of those alliances. Cordaid emphasises that awareness raising is therefore especially important to inform people about registration, taxation and licensing. Long-term cooperation is required here from all parties, to support each other in the sector. Finally, according to Cordaid, formalising the sector is not the only relevant point. Creating alternatives such as education systems is also very important, otherwise child labour could simply be displaced.

Solidaridad has been working with 30 mining organisations in Peru and Western and Eastern Africa, with a focus on training to increase efficiency in gold production. As in Ghana, government is slow to see benefits from small-scale mining and support efforts. Solidaridad is trying to show that small-scale mines are productive and could become safe, to present positive examples. Hopefully government will then have an incentive to formalise the mines, to support the sector and to make policies to include the sector. Here also lies a role for business, to help motivate and mobilise people to work together, more efficiently, to produce higher quality gold in a safer manner, thus eventually strengthening the economic position of sustainable gold. Hopefully this will help make responsible gold more affordable and a more attractive option. This can be achieved by training miners to work more efficiently and more safely, to produce higher quality gold. Furthermore, training miners to trade directly with refiners is also vital, thereby cutting out the middlemen and increasing the economic impact of mining in the local community.

Throughout the workshop, several key issues are identified. First of all, when dealing with labour issues in gold mining we must take into account the various forms of labour associated

with mining. For example, women and children not only work in the mines as diggers, they also work around the mines as transporters or doing other jobs.

Secondly, it is valuable to consider that the mining industry has effects on communities as a whole, through several mechanisms. Family structures can become damaged when people leave the farm to work in the mine, the environment on which people depend for agriculture becomes damaged, children do not receive an education, men and women who go to the mines no longer tend to the land, eventually causing food supply problems. Nevertheless, the social issues surrounding mines are often ingrained in society and can predate the arrival of mining, such as severe poverty, child labour and illiteracy.

Thirdly, approaches to dealing with these issues are often dependent on local contexts. For example, in South Sudan keeping children out of the mines in order to receive an education is problematic, as some communities have never had a school and the illiteracy of women is estimated at 92%. There are many ungoverned spaces and the existence of governance is not felt on the ground. A lot of forces exist who claim those spaces and resist cooperation in communities. Nevertheless, communities in South Sudan are beginning to mobilise themselves, for example through cooperatives aimed at increasing collective bargaining power and competitive prices, in the governance vacuum that exists without a working government.

Finally, in regard to child labour regulation, opinions about addressing this topic vary strongly. For example, while some wish to ban child labour for children under 15, others do not see this as a viable option based on the local cultures, tradition and pre-existing severe poverty and lack of infrastructure

As Solidaridad stated, it is only five years ago that the first certification standard for responsible small-scale mining was launched. Initiatives are very new and there is a steep learning curve. It is necessary to know where we are in the stage of sustainable sourcing in our sector, in order to help. For NGOs the frame of thinking is summed up in three stages:

1. illustrating that sustainability is possible;
2. showing to bigger businesses that sustainability is relevant and why it matters;
3. persuading bigger companies to buy the amounts of gold that make a real difference.

Ultimately, sustainability should become the new norm. However, there is still much to learn, through round tables, branch associations, creating policies and engaging local and national government. As far as gold is concerned we are just at the tipping point of making gold a truly relevant issue; this is the first step.

### 3. First plenary afternoon session

#### 3.1 Presentation of policy options

*By: Jan Willem van Gelder, director Profundo*

In this presentation, the director of Profundo and one of the main contributors to the study, Jan Willem van Gelder, presents five policy options for the Dutch government and Dutch private stakeholders to further sustainability in the international gold supply chain. In order to do so, the objective and approach of the study are once more explained, together with the Dutch policy context and some consideration on existing Dutch gold initiatives.

The objective of the study can be summarised in identifying possible Dutch initiatives to make the gold supply chain more sustainable. In order to achieve this, government cooperation with private sector players is expected so that they can jointly address sustainability issues within the gold supply chain.

To facilitate the public and private sector in doing this, Profundo's study investigated what sustainability issues play a role in the gold supply chain and how they can be addressed by Dutch stakeholders. This was done by doing a literature study, by conducting interviews with 20 key informants and by analysis of existing policy context and possible entry points for all actors in this field. Resulting from these analyses, five options for initiatives have been distilled for which feedback is still welcome and will be integrated in this final report, as none of them has been researched in depth yet.

The Dutch policy context then provides us with three developments. Of these, the first is the so-called Grondstoffennotitie (Note on Raw Materials), which is based on the EU Raw Materials Initiative. Its aim is to secure and increase sustainable supply of raw materials, to reduce demand and make demand more sustainable, and to improve efficiency and make usage of raw materials more sustainable. A second policy context is the New Dutch development agenda, 'A World to Gain', set up in 2013. Aims of this agenda are amongst others to eradicate extreme poverty, to create sustainable and inclusive growth all over the world, and to provide opportunities for success for Dutch companies abroad. The third policy context then is the 'MVO Loont' Initiative (CSR Rewards). This initiative attempts to create sector agreements on international corporate social responsibility, to take substantial steps on specific risks and to offer a collective solution to CSR related problems of companies.

To find the best Dutch approach within this context, the Netherlands should be aware of the fact that it is not a big player in the gold supply chain. As a matter of fact, it has no gold mining companies and the direct imports of gold are below 0.1% of the global total. Nonetheless, there are several relevant Dutch private sector links. As such, Dutch jewellery companies and others import gold, Dutch electronics companies source 'hidden' gold from Asia, Dutch recycling companies recover gold from scrap, one Dutch bank and many Dutch pension funds invest in gold mining, Dutch trust offices manage mailbox companies and Dutch consultancies and organisations have considerable expertise on water, health and safety, recycling, taxation and governance and sometimes already work in gold mining host countries. Additionally, a lack of vested interest could be an advantage to bring together relevant actors in a neutral setting to facilitate dialogue and action.

Now, the Dutch government is seeking cooperation with the private sector or sector agreements in International CSR (ICSR). Assets of the Dutch government are in its track record in promoting sustainability in other commodity chains, for example in tin and apparel. Furthermore the Dutch government maintains strong relations with host countries of mining such as Ghana, the DRC and Colombia.



According to experts interviewed by Profundo, no new standard or scheme on sustainable gold supply should be created, but existing schemes should be integrated. A focus point could be to start a pilot project in a smaller host country which can later serve as a role model for the global gold mining sector. Issue-wise, the focus should be on governance, water and the socio-economic impact.

Having discussed the main issues in sustainable gold supply, five options are presented for sustainable gold supply, which are discussed in the working groups later in the day.

The first option concerns the formalisation and governance of ASM and LSM in the Colombian gold mining sector, so that it becomes an 'engine for development'. Possible participants in this option are the Dutch government, the Strategic Community Investment fund of the IFC, the Swiss Better Gold Initiative, Dutch jewellers and electronics producers and Dutch organisations such as PAX and Solidaridad.

The second option aims to improve traceability of gold from the Great Lakes Region, to avoid financing of violence and conflicts and to help companies in meeting the EU draft regulation for self-certification for 3TG importers. Possible participants are the Dutch government with its experience in conflict-free tin from the Great Lakes Region, the EU through financial support, technology providers such as the German BGR, Dutch electronics companies such as Philips, ASML, FairPhone and 3TG importers, and organisations such as the International Conference on the Great Lakes Region.

The third option is on technical water management assistance, in order to prevent environmental pollution of mining areas by assisting in better water and waste management systems and processes for ongoing mining operations (LSM and ASM), but also to remediate old mining areas. A possible role for Dutch organisations in this regard is for the Dutch Waterschappen (Water Authorities), who are already collaborating with South African water authorities, Dutch engineering and consulting firms and knowledge centres such as the Netherlands Water Partnership.

Option 4 concerns gold recycling in the Netherlands and abroad. Via this way, recycling electronics could be improved, both in the sense that more grammes of ore can be abstracted from recycled electronic waste and that more electronic waste is collected than the present rate of 30-40%. Another angle of this option is to improve the working and environmental conditions of recycling in developing countries and to create sustainable sources of income. Possible participants in this option are the Dutch Ministries of Foreign Affairs and Infrastructure and Environment, and Dutch recycling and electronics companies and initiatives such as SIMS, FairPhone, Closing the Loop and the StEP Initiative.

The fifth option then aims to improve financing and tax practices in the gold sector. As such, gold mining operation in developing countries should turn into real engines for development, by stimulations them to set up or invest in local businesses. Also, it should be ensured that gold mining companies pay their fair share of taxes to the governments of host countries. Possible participants in this are the ING Bank, pension funds and insurance companies investing in large gold mining companies in the world, the DNB who oversees pension funds amongst others on CSR, the Dutch Ministry of Foreign Affairs and Dutch trust offices, accountants and tax advisors.

## 4. Afternoon workshops on policy options

### 4.1 Workshop 1: Colombia, formalization and mining as an engine for development

*Moderator:* Ton Boon von Ochssée (Ministry of Foreign Affairs)  
*Rapporteur:* Jeanette Heessels (Gassan)  
*Panel member 1:* Filip Delalieux - (Schöne)  
*Panel member 2:* Federik van Pallandt (FMO)  
*Panel member 3:* Tessa Terpstra (Ministry of Foreign Affairs)

The objective of the workshop was to come up with two commitments relating to the first policy option identified by Profundo: Colombia, formalization and mining as an engine for development

Commitment 1 was made by Tessa Terpstra (Ministry of Foreign Affairs): The Dutch government will explore the possibilities through the 'Dutch Resources Facility' (fund to improve resource governance in developing countries through capacity building) of contributing to the formalisation of the gold mining sector in Colombia.

Commitment 2 was made by Filip Delalieux (Schöne Edelmetaal): Schöne Edelmetaal pledged to be a CSR leader and signatory to the sector agreement in order to explore the opportunities of sourcing a part of their gold - via certified refineries - from formalised and certified mines in Colombia.

### 4.2 Workshop 2: Conflict Free Gold from the Great Lakes Region?

*Moderator:* Jan Pieter Barendse (Ministry of Foreign Affairs)  
*Rapporteur:* Felix van Bakel (ASML)  
*Panel member 1:* Sonia Kalauzova (Philips)  
*Panel member 2:* Sandra Pellegrom (Ministry of Foreign Affairs)  
*Panel member 3:* Laura Gerritsen (Fairphone)  
*Panel member 4:* Rein Nieland (European Commission)

Jan Pieter Barendse makes a brief introduction and introduces the panel members and the rapporteur.

Sonia Kalauzova begins by making her commitment, on behalf of Philips: "We are committed to steer our supply chain towards the conflict free validated smelters only". Afterwards, she describes the complexity of the gold supply chain and the way that Philips is implementing the OECD Due Diligence Guidance and Dodd-Frank Act. The way Philips is investigating their supply chain, in order to get to the smelters, is that they cascade it to their suppliers and then they need to cascade it to their suppliers and then it continues until it reaches the smelters and from there it goes all the way back to Philips. This is a challenging and difficult process.

Subsequently, Kalauzova explains that the due diligence process that Philips is following could be particularly difficult for smaller and medium sized enterprises and expressed Philips' willingness to help those smaller companies through trainings. Furthermore, she briefly discussed the success of the electronic industry with tantalum and the fact that all the known tantalum smelters are now audited in the CFSI program. (Gold is now at 61%). Emphasis was given for the reasons why there was success with tantalum. The answer is that the electronics industry made tantalum its priority, since tantalum is the metal used most frequently in electronic devices.

Finally, she reached the following conclusions:

- The Chinese smelters are the most challenging part of the due diligence process;
- Small and medium sized businesses need help, as they do not have enough resources to do the due diligence process on their own;
- Synergy is needed between Dodd-Frank act and EU legislation and the Netherlands could play a role in this part.

The next panel member who was given the floor, was Laura Gerritsen on behalf of Fairphone. Firstly, she briefly described the company. Fairphone is a social enterprise producing a smartphone. Currently, the company has 60,000 phones produced in the market. Fairphone is focusing on the traceability of the manufacturing parts of their phones. Thus, mining and 3TG minerals are of importance. Regarding gold it is of importance but only a small amount is used per phone. From 1 gr of gold is used in the manufacturing of 41 phones. Gold is used in the Printed Circuit Board, "PCB", of the phone.

Subsequently, Gerritsen explained the complexity of the supply chain in the consumer electronics industry as well as the complexity of sourcing minerals from a country such as the DRC. "Conflict free" does not address all the issues, as it does not necessarily mean good labour conditions and environmental management but it is a starting point. For Fairphone it is important to know where the gold in their products comes from and to be sure that it is conflict free, as well as knowing how to connect their supply chain to more responsible initiatives.

Gerritsen analysed the problems that arise based on the complexity of the gold supply chain:

- Regarding the upstream segment: mining in conflict regions, artisanal mines and mining conditions;
- Regarding the downstream segment: smelters are not being open or they are very scared to use artisanal mined gold;
- Shanghai Gold Exchange, traceability of gold often ends there;
- Most electronics are produced in China, thus most plating is done in China where there is little awareness and willingness to accept the traceability of gold.

Afterwards, she referred to the EU legislation, which will cover a broader scope than the Great Lakes region, as an opportunity to define the "conflict free" term more broadly and include more human rights aspects. There is a need to go beyond "conflict free".

Fairphone was asked to commit for 2017, but it is not realistic because Fairphone as a SME shares supply chains with other companies in the industry. Thus, committing on their own into that timeframe is an empty commitment.

Finally, Gerritsen summarised and repeated her commitments on behalf of Fairphone: "We commit to work with our suppliers to ensure that all the tin, tantalum, tungsten and gold we use is conflict free. Beyond that we really want to commit to connect our supply chain whenever it is possible and work with initiatives for small-scale responsible mining".

Question-clarification from the audience: "Can you clarify where your gold is coming from?"  
Answer by Gerritsen: "Not all actually, for the PCB yes, it comes from Chinese mines (LSM mines) but from the other components no. We have some ideas, from one of the connectors in Japan but he is using many suppliers".

Question- clarification from the audience: "You said in your pledge small-scale responsible mining, not also large-scale responsible mining?"  
Answer by Gerritsen: "We have focused on developmental areas such as conflict areas and conflict free initiatives in those areas, which tend to be small scale (implied mining). It is more

important for conflict affected or high risk areas to have initiatives that aim to have a social and environmental conclusion.

The third member of the panel that was given the floor was Sandra Pellegrum from the African Department of the Ministry of Foreign Affairs. She emphasized the goals of the Ministry regarding the Great Lake region and DRC in particular, which are:

- Increase the responsible export of gold and other minerals from that area;
- Stability in the Great Lakes region;
- Finalise human rights violations; and
- Increase of growth.

She continued by saying that due to the goal of economic growth, gold is of interest. Gold mining is very important in the Great Lakes region and it could be a potential driver for growth but a big percentage of it is being smuggled. The illegality of the gold sector (implied in the Great Lakes region) creates violence. Other reasons of the existing violence in the area are: people mining gold do not get a proper share of the profit, lack of transparency and lack of governance. Thus cleaning up the gold sector is necessary in order to improve the living conditions in the Great Lakes region. Consequently, we should aim for conflict free gold, particularly from the Great Lakes region and the African Department is very keen to support that.

Question from Jan Pieter Barendse: “And how will you do that?”

Answer by Sandra Pellegrum: “I am speaking here not just on behalf of the African Department but also on behalf of the four embassies in the core of the Great Lakes region, in Kinshasa, Kampala, Bujumbura and in Kigali, which have a regional development program that they jointly manage. It is specifically focused in Eastern DRC and the surrounding areas of those other countries. In that regional program we aim to have an integrated approach”. “Our development program aims to address community building, in sense of building trust in community, looking at land rights for instance, looking at economic relations and the trust that needs to be built in the community; looking also at increasing economic opportunities in particular at Eastern DRC and that is also why a responsible gold sector really needs to become a driver and an engine for inclusive growth”.

Pellegrum subsequently made a pledge on behalf of the African Department and the Ministry of Foreign Affairs:

“Within our regional program together with the embassies we would like to see if there are some projects we can do to promote responsible gold mining and to grow this artisanal sector into a driver for growth. We are depending on this round table and you all to make this more specific because at present we do not have any specific proposals on the table but we are committing at looking at them together with our colleagues from the Inclusive Green Growth department and see how that could fit to our regional program”.

The last panel member that spoke was Rein Nieland (European Commission). Nieland began with his pledge on behalf of EU: “EU is committed to its integrated “Conflict minerals strategy” (2014) and pledges support to governments, civil society, SMEs and international organisations working in that direction”.

Besides the integrated approach EU is providing through the regulation there are elements which are focusing on political outreach. The EU is talking with China, India, the United Arab Emirates, Indonesia and other countries in order to put them in the same direction. China is actively working and there is some progress. EU is also working on the support of SME’s in order to carry out their due diligence.

At the end of the workshop, a discussion point that drew attention was that “conflict free” is not enough, it should go further to cover labour, human and community rights, making sure that people can have a sustainable living, although this is hard to implement. Examples of Indonesia were given and the tin initiatives implemented there that goes beyond the “conflict free” scope.

### 4.3 Workshop 3: Water & goldmining. What can the Netherlands do? Focus on South Africa

*Moderator:* Henk Ovink (Special Envoy for International Water Affairs)  
*Rapporteur:* Eelco de Groot (DHV Haskoning)  
*Panel member 1:* Paula Dobbelaar (Waterschap Aa en Maas)  
*Panel member 2:* Dirk de Kramer (Witteveen+Bos)  
*Panel member 3:* Edilberto Baquero (Netherlands Water Partnership )

The objective of this session is to focus on where water meets gold. To explore how the expertise of the water sector can bring improvements to the mining sector, especially in South Africa. There are many problems in the South African mining sector in terms of water issues, including pollution, the legacy of mines and water levels. To structure the workshop, three participants pitch what they can deliver to help address the water issues in mining.

#### **Paula Dobbelaar - Waterschap Aa en Maas**

South Africa is setting up Catchment Management Areas (CMAs) and the Netherlands has cooperation with these CMAs, investing time and money and focusing on water issues from a good governance point of view. From the perspective of the water basin, the Dutch regional water authorities (Waterschappen) are trying to assist the government in South Africa. This happens from a technical point of view, as well as an objective view as the Netherlands is not a large mining country.

Assistance is provided on how South Africa manages water quality and water quantity issues. All drinking water in South Africa comes from surface water, which is becoming very polluted. The drinking water companies are also quite powerful and also governmental. This creates complicated situations. The mining companies in South Africa are large companies, with which the Netherlands has experience. In South Africa many things are happening which are interesting for Dutch business. For instance, acid rock drainage (ARD). Acid water pollution is an enormous problem where water needs to be cleaned through waste water management, which is an example of an opportunity for the Dutch private sector. If the existing technology can be transformed in a creative way, a lot can be done. The government could financially assist this type of cooperation.

In short: the Netherlands can be a technical, neutral party for South Africa to build capacity on a different level. If South Africa could better forecast their problems in relation to mining, their grip and preparedness could be strengthened. In the Netherlands there is a lot of expertise in this field, which could be shared.

A central question is: how could the Netherlands inspire the South Africans in terms of governance? For instance through PPPs? The Dutch government could support knowledge transfer from Netherlands on waste water, PPPs and other topics to other countries such as SA. In terms of PPPs the goldsmith sector could also become active by helping to create levels of understanding for collaboration.

## **Dirk de Kramer - Witteveen + Bos**

The Netherlands is not a mining country, although the Netherlands is the biggest investor in mining in the world because there are many mailbox companies situated in the Netherlands - mining has a very big address in Amsterdam. As a country there are two perspectives: the Netherlands has positive intentions and also large streams of money that can be used.

One main problem is that while solution-oriented thinking is important, 80% of the problems in mining in sustainable gold are not necessarily technical in nature. However, governance is also a Dutch expertise. Collectives of companies could provide a lot of knowledge, including the capacity to assess, predict and prevent problems. Examples of opportunities for Dutch expertise include the De Beers diamond mines, which are the biggest consumers of diesel oil in the world. De Beers want to expand into the Atlantic, by building kilometres of dykes. All in all, there are a large number of possibilities for solutions but they do not happen by themselves, governance is important. To do anything technical with water, the Dutch know-how is available.

## **Edilberto Baquero - Netherlands Water Partnership (NWP)**

The Netherlands Water Partnership conducted a quick-scan to identify niches, as well as what the concrete questions and needs related to water and mining are. Then a workshop was conducted to find out what companies are involved, what are their commitments, what do they have to offer and so forth. One conclusion was that there is a need to create a water and mining platform. NWP is trying to set this up, by using the network and setting a joint agenda. NWP is trying to articulate what the commitments from the sector are, with a focus on Colombia and South Africa. Now, together with the government and the private sector, NWP is looking forward to creating a gold covenant. The question at present is. how can this initiative be linked to a possible agenda in the context of the platform? NWP must try to combine and unite the different expertise, water boards, NGOs, business and disciplines for the platform and strengthen knowledge development.

In summary, NWP firstly focuses on capacity building, both in the public and private sector. Second, a platform could showcase and inspire, there are many good examples to use. Third, innovation is needed. There has to be a new agenda with new partners, financial models and solutions.

From the perspectives of the goldsmiths present, a lot of policy issues need to be sorted out first, for instance about communication. Moreover, the price difference between certified and uncertified gold is 15%. In terms of what goldsmiths and buyers of gold can do, trying to work with fair trade organisations is important. Gold buyers can ask their suppliers questions, although they often do not know anything. Nevertheless, the sector should continue to ask questions and remain critical. Furthermore, it is also important to communicate the stories about gold mining to customers, as raising awareness is important. There are many examples of stories to tell, such as that mercury poisoning can affect an entire community, lowering the IQ of babies and causing other handicaps in multiple generations. Mercury is completely non bio-degradable, efforts should be made to stop it being used in mining.

In this regard, Henk Ovink stresses the importance of the gold sector. Government and others can do many things but business must be a partner. The partnership is essential for collaboration, to showcase that progress can be made.

It is concluded that the Netherlands should focus on collaboration in order to make a difference. To accomplish this, research is vital. Water and mining needs to be investigated in the perspective of local communities: what does the arrival of mining mean for these communities? The water users have to be identified. What does mining do for relationships in

the area? The Dutch regional water authorities could support governance structures of water boards.

Furthermore, the Netherlands should take the lead in placing water at the top the agenda. It is decided that the NWP platform will be supported. Stakeholders must agree to say what the objective of the platform is. For example: to showcase examples on a technical level and to showcase PPPs and governance successes. The platform will help to build capacity in Colombia, South Africa and the Sahel with technical, environmental, governance and production expertise. In South Africa and Colombia NGOs, Witteveen + Bos, the Dutch government, DHV Haskoning, the Dutch regional water authorities (Waterschappen) and other engineering firms can work together on building coalitions as well as cooperate to further implementation.

#### 4.4 Workshop 4: Urban gold mining in NL and overseas

*Moderator:* Mattheüs van de Pol (Ministry of Economic Affairs)  
*Rapporteur:* Joost de Kluijver (Closing the Loop)  
*Panel member 1:* Arthur van Mansvelt (Triodos Investment Management)  
*Panel member 2:* Jan Visser (SIMS recycling)  
*Panel member 3:* Vincent van der Werff (Minsitry of Infrastructure and the Environment)

The panel members begin by introducing themselves:

Vincent van der Werff, working at the Ministry of Infrastructure & the Environment is researching whether the Green Deal is possible for internationalisation.

Jan Visser, working at SIMS recycling, notes that SIMS is in the worldwide list of top 100 sustainable companies. He mentions that the concentration of precious metals in electronic devices will go down. Reasons behind this lay in the producers' aim to limit costs, but also because modern devices have more and more functions (i.e. a GPS and camera in a mobile phone).

Joost de Kluijver working at Closing the Loop has had the same experience as Jan Visser. Also he mentions that the volume of gold in electronic devices is so small now (at a molecular level) that you risk losing the precious material because it cannot be recycled properly.

By asking questions to the rather silent group, the moderator then tries to warm up for discussion and the expected commitments by asking who wants to say something.

One of the participants starts by asking the group the question whether they've heard of getting gold out of bottom ash. Apparently, technology is improving in this field and offering opportunities. One answer from the group points out the difference between contents of gold in this type of gold recycling.

Another participant mentions the number of smelters in the world. He notes that these can be counted on two hands and questions whether we are able to manage enough tons, or enough scale to provide new smelters, like the Swedish one, with recyclable material. This Swedish smelter has apparently calculated its business case very narrowly, while not including government plans on changes in this sector.

One of the comments on this topic mentions the practice of illegal transport of waste of old electronics to developing countries. This is often done under the guise of second-hand goods, as otherwise exporting e-waste is against the law. Exporting this task to developing countries has the advantage of cheap labour, but unfortunately cheap labour in this context is also very dangerous and rife with unhealthy labour conditions. While disassembling the e-waste,

electronic devices may explode or toxic materials may come into contact with skin, lungs or intestines. After the relevant metals have been burned out, they come back to European smelters in their pure forms, where most of the profits are made.

As a possible solution for this, better controls on exporting e-waste should be set up and producers should have more responsibility in preventing this export. This responsibility now stops after European consumption. In order to do so, producers of electronic devices could try to find better designs of their products in order to reduce waste, as is the vision of Arthur van Mansvelt working at Triodos, who has been investing in SIMS. Van Mansvelt poses the question: in what way do we want to solve this e-waste problem, instead of starting a nice programme in Africa? He thinks solutions at a larger scale are about product design (and gives the example of Philips' shredder and good batteries). Van Mansvelt emphasises that a more far-reaching product-of-life responsibility is needed; even to be able to stop export to Africa.

Another solution could be to invest in a level playing field, meaning that labour costs in developing countries for this type of work become just as high as in Europe, and that laws and other regulations are equal in all countries involved. This way, real competition can be created. A more general comment by someone from the group is to invest in preventing the way the recycling of metals is organised now.

Another problem is that in some cases, irrelevant disassembled material is left behind in the developing countries, leaving these countries with the waste without a solution to process it properly, and prevent environmental pollution, health and other problems. De Kluijver (Closing the Loop) notes that at least his company comes back to collect everything they've exported to their disassemblers with good labour conditions, back to Europe.

Regarding second-hand products, it is noted that second-hand electronics are less and less in demand in developing countries, as there consumers also want the newest products. On the other hand, smartphones are not very handy in areas where electricity is not a sure asset, since smartphones often need recharge every day.

Then, in relation to the sparse 30-40% rate of e-waste collection in the Netherlands, an idea comes up from the group to set up collection points for electronic waste however it is pointed out that this already exists in the Netherlands, nevertheless the idea sparks a new idea to see whether this can be internationalised, if not already present. We could then do this from a Dutch perspective. Also, the group agrees that the existing Dutch collection points should become more visible. SIMS comments that there is a new European law going into force in January 2016 that can help the chain to collect all the metal and help increase the collection rate. This way, it will also become less easy to export e-waste to developing countries.

The moderator then asked whether anybody has experience with setting up recycling factories abroad? Joost de Kluijver (Closing the Loop) answer with a 'no', stating that he believes that the reason for this is a lower level of business awareness in developing countries.

Then, Jan Visser (SIMS recycling) expresses his concerns about the quantity of gold in recyclable materials. He states that the gold is technically recyclable, but not economically viable because of the very small quantities of gold in those electronic devices. He adds that plastics will be the metal of the future.

The moderator then states that the ministry has the desire to get things going. He says that apart from government objectives, they need an international component. He then asks the group about the kind of consortium partners they need to get a process started? What kind of opportunities do you see, with no formal aspects attached?



Triodos responds by referring to the hunger for raw materials, stating that if you sufficiently make arrangements there might be a business case.

Another person from the group presents an idea: due to the fact that for every return of metals from recyclers in developing countries import taxes have to be paid, the Dutch government could consider to create a fund that collects these taxes and transfers them into investments in sustainable improvements in this chain. For example, criteria on those imports could be created to make sure they comply to a certain standard. Otherwise, the export taxes paid by the exporters, such as those of Closing the Loop, may be paid back to them if they make sure the e-waste is recycled under proper labour conditions and leaves no waste in recycling countries.

The moderator now ask who is interested in a next meeting? He finds that there is not enough time today to say that we commit to a global green deal or other ideas mentioned during this session. However, he wants to use the momentum created here. A lot can be done, he says, but who will continue thinking about what can be done, who wants to partner electronically?

Jan Visser (SIMS) responds by saying they can add that, as the president of the EU recycling organisation, we can make a commitment and that is to “think locally and act locally”. Joost de Kluijver (Closing the Loop) agrees, stating that there is a lot of goodwill, but the actual practice in the developing world is a mismatch between what we can do here. Around 80% of the e-recycling market in developing countries is informal, which makes it difficult to cooperate with them professionally. Developing a proposition creates a distance with what you want to develop on the ground, De Kluijver states. He recommends looking at practical cases where we can actually directly do something, and not just to start in Europe.

Ton Bastein working at TNO then states that they want to work together with circle economy (the program of Economic Affairs) on a database with vendible metals.

Another idea is to develop a sustainable economic zone for the developing world.

#### **4.5 Workshop 5: Financial actors in the gold chain pushing for responsible mining**

*Moderator: Pascalle Grotenhuis (Ministry of Foreign Affairs)*  
*Rapporteur: Anna Pot (APB)*  
*Panel member 1: Dagmar van Ravenswaay (DNB)*  
*Panel member 2: Andor Lips (ING)*  
*Panel member 3: Aart Roelofsen (Ministry of Finance)*

Andor Lips (Director Structured Finance - Metals and Mining at ING) is in the lending department of ING, providing loans to mining projects/companies. He also has past experience in the gold sector. ING is the only Dutch bank that provides loans to the mining sector, and they are quite successful. When providing loans, ING uses the metals and mining sector standards of the IFC. They only lend to companies who can reach best industry practices, and there is a careful selection process. This includes IFC performance standards, the Equator Principles and all other important standards. By this careful selection process, ING tries to convince companies to uphold these standards. In this way ING contributes to making the world more sustainable.

- Question from the audience: does ING have any gold specific principles?
- Answer Andor Lips: Only one really generic one on cyanide, the cyanide code, specifically related to gold. They do not oblige companies to be part of this code, but it helps if companies do when they want to get a loan.

Dagmar van Ravenswaay (DNB) previously worked as a supervisor of trust companies and now works at the pension fund supervision department. Concerning pension funds, she states that by law pension funds are required to be transparent on how they “deal in their investment policy with environment and climate, human rights and social relations.” This is a relatively new law (August 2013), and this year DNB wants to analyse the annual report of each pension fund very thoroughly to see how they implement this rule.

Next Van Ravenswaay states that DNB is not in the phase of enforcement, rather it tries to get more insights on how pension funds make their investments. The DNB tries to use persuasion instead of enforcement. According to Van Ravenswaay, 70% of the assets of pension funds are in companies which apply all necessary standards. Also, DNB itself has a sustainable role. There are initiatives in DNB to see how they could improve their risk analysis towards financial institutions.

Concerning trust companies, Van Ravenswaay states that DNB requires that trust companies have sustainable standards in their policies.

Aart Roelofsen (International Tax Policy and Treaties Advisor at Ministry of Finance) talks about the avoidance of double taxation, tax avoidance and the misuse of tax treaties. These are international problems which can't be solved by one single country. Roelofsen states that at the moment, the Ministry of Finance is in renegotiation with 23 developing countries to revise the existing tax treaties.

- Question from the audience: Levelling the playing field for ING, to what extent?
- Answer from Andor Lips: In the commercial debt market, application of the Equator Principles is not a straightforward exercise, it differs among banks, and therefore creates an unequal playing field. ING tries to explain to companies that the Equator Principles have benefits for companies, ING is stricter than others in applying these policies in these levels of detail.
- Question from the audience: In applying standards, is ING excluding part of the market (small scale miners)? Do you take into account that OECD encourages engagement rather than the use of standards?
- Answer from Andor Lips: Gold is a very strange sector, both large and small mining operations can be very profitable. Artisanal miners are not ING's target clients, the focus is on larger companies for which commercial debt is appropriate, because commercial loans require a constant liquidity. ING doesn't really offer debt to artisanal mining companies. According to Andor Lips, the Equator Principles are bringing enough standards and ideas/encouragement to be a better company or to start to be a frontrunner. In the future, cooperative artisanal miners could create a vehicle that may be acceptable to receive commercial debt.
- Question from the audience: Lenders are a huge player in the mining sector, though the financial sector is not engaged enough in the existing standards and principles. How could the financial sector engage more in existing initiatives?
- Answer from Andor Lips: ING is supporting larger companies and their supply chain is small with only a limited amount of trading steps, it's just a few steps from ore to the gold bar, ING maps those flows, they are part of the evaluation process. ING deliberately doesn't provide a loan when gold is not yet an element of the fabrication process. ING has other clients who do use gold in their process/supply chain, and these clients seek more transparency. ING could help with providing this transparency or team up with the companies in order to identify where the gold is sourced from.
- Question from the audience: Has DNB looked at mining specific issues for pension fund investments.

Answer Van Ravenswaay: No

- Question from the audience: Why are other banks not putting more effort in making the gold supply chain more sustainable? What would it take for them to take this more seriously?  
Answer by Andor Lips: You should think about who has leverage over those banks. His answer is governments. That's why governments should be encouraged to get banks to take all these principles more seriously. ING is always surrounded by other banks when providing loan through a banking syndicate. ING is one of the most visible banks in the mining sector. Lips states that companies return to ING because if they get a loan from ING it is a 'soft certificate', this shows that the companies are frontrunners and have good policies.
- Question from the audience: Effectiveness and efficiency: policy initiatives are often a financial and administrative burden, is this true for ING?  
Answer from Andor Lips: No not really, it should not change the day to day business. Companies do ask that ING does not present a new policy every two years. Companies that are frontrunners in policies are extremely efficient and effective. Besides, publicly traded companies are already in a routine of transparency, they don't know better.  
Answer from Aart Roelofsen: The most important thing is to build on existing measures and to not create new ones.  
Answer from Van Ravenswaay: Mailbox companies should have more substance, DNB will ask the trust companies to provide proof that the mailbox companies they manage do have enough substance. The Trust Office Act states that trust companies should abide by the law, and also with the spirit of the law. This measure could lead to less shell companies in the Netherlands.
- Question from the audience: What could the Netherlands do about offshore banking and transfer mispricing in the extractive sector: especially related to money leaving Africa?  
Answer Aart Roelofsen: most important item is that the source country gets a fair remuneration. Withholding tax is one of the lesser problems in mining industry.  
Answer Andor Lips: ING is also a lender to Africa. The focus of ING is on the content of the investment agreement between the different countries. They analyse this agreement thoroughly before they provide a loan.

Andor Lips further states that in ING, the lending and investment departments are completely separated from each other.

Van Ravenswaay states that DNB is deliberating whether it should ask questions when appointing board of directors of financial institutions, this is no commitment but DNB will look into it.

Finally, Anna Pot from APG summarizes the workshop with some recommendations that she derived from the workshop:

- Pension funds should implement reporting requirements on ESG issues, DNB will make sure this happens;
- Banks: practice what you preach, implement principles and make sure your peers do as well;
- Financial sector, use your leverage to the maximum to improve responsible business practices in the mining sector (artisanal, small scale, to build corporations);
- Banks should be more actively involved in existing initiatives. Financial actors should be a connector between companies;
- NGOs and embassies should equip the financial sector with the right information;
- Pension funds use your leverage and be an active shareholder, use voting rights and engage with the companies you're investing in;
- Consumers should be an active participant in their pension schemes;
- Governments should equip the financial sector with information about companies in the sector (responsible mining index, etc.);

- No new guidelines, principles and standards;
- Ministry of Finance, please continue to help governments to build capacity on taxation issues;
- The Ministry of Foreign Affairs, in the framework of ICSR agreements, should engage with shell companies.

## 5. Final plenary session

### 5.1 Poll on recommendations

The commitments made during the afternoon workshops were put into a poll and the audience could vote based on their significance with a “yes” or a “no”. All the commitments were voted as important with the exception of one which was insufficiently clear. The following subsections provide the commitments per workshop. Due to time pressure, some commitments were displayed incorrectly to the audience. The texts of these commitments are corrected here.

#### 5.1.1 Workshop 1: Colombia, formalization and mining as an engine for growth

- Commitment by Tessa Terpstra (Ministry of Foreign Affairs): The Dutch government will explore the possibilities through the Dutch Resources Facility (fund to improve resource governance in developing countries through capacity building) to contribute to the formalisation of the gold mining sector in Colombia.
- Commitment by Filip Delalieux (Schöne Edelmetaal): Schöne Edelmetaal will explore the opportunities to source a part of their gold - via certified refineries - from formalised and certified mines in Colombia.

#### 5.1.2 Workshop 2: Conflict Free Gold from the Great Lakes Region?

- Commitment by Sonia Kalauzova (Philips): Philips is committed to steer its supply chains for all conflict-minerals to source only from conflict-free smelters.
- Commitment by Rein Nieland (European Commission): The EU is committed to its integrated “Conflict minerals strategy” (2014) and pledges support to governments, civil society, SMEs and international organisations working in to that direction.
- Commitment by Sandra Pellegroni (Ministry of Foreign Affairs): The Dutch government commits to look seriously into funding proposals for new projects that support Conflict-Free sourcing from the Great Lakes region.

#### 5.1.3 Workshop 3: Water & goldmining. What can the Netherlands do? Focus on South Africa

- Commitment: All partners from research, governance and business commit themselves to work towards creating a broad platform on water and mining issues and to deliver the content for the platform, with active contribution from different stakeholders to ensure that the platform becomes an instrument for change.

- Commitment by all participants: The platform will share and showcase knowledge from the Netherlands and will help to build capacity in Colombia, South Africa and the Sahel with technical, environmental, governance and production expertise.
- Commitment by all participants: NGOs, mining companies, Witteveen and Bos, the Dutch government, DHV Haskoning, Waterschappen and engineering firms can work together on building coalitions as well as cooperate to further implementation of water management programs in the mining areas of South Africa and Colombia.

#### 5.1.4 Workshop 4: Urban gold mining in NL and overseas

- A recommendation made by the workshop participants: Look at increasing the number of collection points for electronic waste and make them more visible, to increase the current 30-40% recycling rate for e-waste.
- Commitment by TNO: TNO commits to work together with others towards a circular economy.
- Commitment by the Ministry of Economic Affairs: The Ministry will set up database with information on the (conflict-free supply) chains of vendible metals.

#### 5.1.5 Workshop 5: Financial actors in the gold chain pushing for responsible mining

- Commitment by ING: ING commits to apply all relevant CSR standards when gold mining companies apply for loans and will stimulate other banks, especially EP-signatories, to do the same.
- Commitment by DNB: By law pension funds have to report on CSR issues. DNB aims to start with an investigation to gain insight into what pension funds have done so far regarding responsible investments.
- Commitment by Ministry of Foreign Affairs: The Ministry of Foreign Affairs will organize a dialogue with the Dutch mailbox companies owned by (gold) mining companies in the framework of sector agreements on International CSR.

## 5.2 Summary of the most important conclusions of the day

*By: Kees Rade, Ambassador Sustainable Development*

Today marks the start of a process for the months to come, towards a sectoral agreement. It has been a fruitful day, in which a lot of important issues have been raised. Some of these insights are shocking, such as that an area of 40 times the Netherlands is devastated by mining in the Amazon. Many problems, such as the enforcement of laws has become apparent, as well as the challenges of corruption and severe poverty in relation to gold mining. However, many recommendations and commitments have been made too, such as the plan to start a dialogue about the gold mine mailboxes in Amsterdam, or to steer the supply chain towards conflict free smelters.

The Netherlands is favourably positioned to provide leadership, as a relatively neutral party with a lot of expertise. There is much to be done, such as motivating the public to purchase good gold, urging pension funds to use their leverage to influence the gold mining industry and

supporting the water and mining platform being developed by the National Water Partnership Program.

Hopefully we can build on these efforts and at the end of the year present a sectoral agreement on International CSR in the gold sector.

### 5.3 Speech by Minister Ploumen

The Dutch Minister of Foreign Trade and Development Cooperation, Mrs. Lilianne Ploumen, starts her speech<sup>1</sup> with stating that she is glad that all the different actors are brought together today, and that it will be a good thing if we all come to an agreement. However, these agreements also have to happen between different countries and organisations. The Netherlands can play a role in this.

The Minister is glad that the gold subject is on the agenda now, similar things have already happened in the tin sector. One of the biggest issues is the ability to trace gold back to its source. We should find solutions for this, that's why we organized this roundtable.

Next the minister summarizes some commitments made by Dutch companies (for instance by Gassan Diamonds to only sell jewellery made from fair trade gold). Minister Ploumen states that she thoroughly believes in peer pressure, that's why these commitments are so valuable.

Another important part of the issue is to also look at the financial actors in the gold sector, instead of only focusing on the producers and miners. There are lots of mailbox companies at the Zuidas. The Minister states that she wants them there but she also wants them to follow strict rules. That is why it is important to start conversations with these mailbox companies.

The Minister also want to put more effort in the Global Green Deal, together with the Ministry of Infrastructure and Environment.

The Minister has agreed with Colombia to work together on coal mines, but she also wants this collaboration to extend to the gold sector. In September, the first Dutch experts will go to Colombia.

The Minister finishes with stating that she hopes that in two years from now some steps will be made towards a more sustainable gold sector.

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<sup>1</sup> Please note that the full Dutch text of the speech by Minister Ploumen can be found here: <http://www.rijksoverheid.nl/documenten-en-publicaties/toespraken/2015/06/09/toespraak-lilianne-ploumen-over-eerlijk-goud.html>