

# Vattenfall's Efforts on Coal Supply Chain Responsibility

Human Rights Risk Assessment in Colombia  
– update January 2019

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# 1. Introduction

In March 2017, Vattenfall conducted a on-site Human Rights Risk Assessment (HRRRA) to identify human rights risks through our coal procurement activities in Colombia. This is the second update on how we work with Colombian mining companies Cerrejon, Colombian Natural Resources, Drummond and Prodeco and other stakeholders towards improving conditions on the ground.

## 2. What Happened since our Last Update

During the second half of 2018, we have worked primarily towards aligning the recommendations of our HRRA with the assessment program of the industry initiative Bettercoal. Vattenfall is a founding member of Bettercoal using it as an instrument in its due diligence. We worked on this alignment to ensure we make good use of the processes Bettercoal has in place, i.e. self-assessments, site assessments by independent auditors, Continuous Improvement Plans (CIPs). At the same time, we avoid a duplication of efforts for the mining companies.

The assessment program of Bettercoal in Colombia has gained further traction. Cerrejon and Prodeco participated in site-assessments in 2018. The assessment reports and CIPs have been finalised<sup>1</sup>. Drummond starts the second assessment cycle in January 2019 after having done the first site-assessment in 2014. Colombian Natural Resources is cooperating with Bettercoal, including discussions on conducting a site-assessment. The concrete timing is not fixed yet but we continue to push for the assessment to take place early 2019. Overall, we see all this as a positive development.

### 2.1. Progress of Bettercoal

We continued our efforts to incorporate the results of our due diligence into the site-assessment process of Bettercoal.

During the preparation phase of the site-assessments at Prodeco and Cerrejon, we shared our findings and recommendations with the assessors. This way, our recommendations that are within the scope of the Bettercoal Code could be addressed as part of the Bettercoal site-assessment. Once the site assessments results are shared with us, we will analyse the outcome in the context of our recommendations.

Bettercoal set up Country Working Groups for Colombia and Russia which serve as a platform for a dialogue between Bettercoal, its members and mining companies<sup>2</sup>. The purpose of the Working Groups is to set up a coordinated response from Bettercoal Members to CIPs, to address risks relevant to the Bettercoal Members and support mining companies in their development where needed. One tool to facilitate this discussion is having bi-annual calls with the mining companies to check progress on the CIPs. In the Working Group for Colombia, we will discuss the CIPs of each of the companies as well as other risks identified by Bettercoal Members. For Vattenfall, we summed up these risks in our HRRA.

From our perspective, we will work towards a full alignment of our recommendations and action plans with Bettercoal to avoid a duplication of efforts. Our ultimate goal is to work with a single action plan per mining company, combining the results of the Bettercoal site-assessments and our recommendations.

1. <https://bettercoal.org/wp-content/uploads/2019/01/Bettercoal-Public-Report-Cerrejon-Coal-Company.pdf>

2. Terms of Reference Bettercoal Country Working Group Colombia & Russia: <https://bettercoal.org/resources/>

## 2.2. Status of Action Plans with Mining Companies

We have continued talks with all four mining companies to agree on individual action plans. We aimed to have this work finalised by end of October. The delay has been mostly to benefit from and not interfere with the Bettercoal site-assessment process.

Our action plan with Prodeco has been finalised, we are working through resulting actions and have already had a first review of progress.

We had a positive physical meeting with Cerrejon in early December. We discussed what Cerrejon is now doing and which additional steps could be looked into and how these were already in scope of the Bettercoal site-assessment. This will be the basis for agreeing on an action plan.

Similar is our approach to Colombian Natural Resources. We will provide our HRRRA as input to the assessors before the site assessment, then analyse what issues are still existing and are taken up by the CIP before we are able to agree on an action plan.

This alignment has caused a delay, however, we believe our approach is reasonable. The site-assessments take a closer look at some of our recommendations and we had been able to provide input to the site-assessments in the form of discussing our HRRRA with the assessors. We also see the benefit of cooperating with Bettercoal on these topics, and therefore an interference is not beneficial. Neither for us, nor Bettercoal Members, nor mining companies, nor local stakeholders. There is progress and mining companies are open to our recommendations.

Mining company Drummond has chosen to discontinue the direct dialogue with us on our HRRRA and the action plan. The main reasons for stopping the direct talks with us was that Drummond is in general disagreement with our HRRRA approach and methodology, felt that we did not take their feedback on our HRRRA report sufficiently into account and because of the lack of a direct commercial relationship. Going forward, Drummond will focus on the Bettercoal process only. Drummond was the first company to complete the full assessment cycle of Bettercoal. This January, Drummond starts its second cycle in the Bettercoal process. Although we support Drummond's long-time engagement with Bettercoal, we regret the decision by Drummond to pull out of direct talks with us. As a consequence, Vattenfall's Responsible Sourcing Board decided to remove Drummond from our list of approved direct suppliers<sup>3</sup>. We will cooperate with Bettercoal and feed in our HRRRA recommendations into the upcoming site-assessment at Drummond and channel our dialogue through the Country Working Group of Bettercoal. From there, we will re-evaluate our decision.

3. In our coal due diligence procedure we screen potential and actual suppliers. Although, Vattenfall has not directly sourced coal from Drummond since 2011, Drummond has been and is included in our screening procedure and was an approved supplier until now.

## 2.3. Main Developments in Colombia

In November, the El Hatillo community signed the Resettlement Action Plan. This marked an important milestone in their process with the mining companies Colombian Natural Resources, Drummond and Grupo Prodeco and is a positive step towards the re-establishment of the quality of life of the El Hatillo families<sup>4</sup>.

The Commission for the Clarification of Truth, Coexistence, and Non-Repetition has been inaugurated and demands and concerns of victims are now being collected. The commission, headed by Padre Francisco de Roux, is mandated for a period of three years to gather evidence and submit a report on human rights abuses committed during Colombia's internal armed conflict<sup>5</sup>. At a meeting with the mining companies, Padre de Roux, discussed goals and process of the Truth Commission also seeking for collaboration with the mining companies.

In this respect, we see that Prodeco is taking on an active stance on one of our main recommendations. The company contributes actively to historical truth finding by engaging with victim communities and highlighting the importance of reconciliation<sup>6</sup>.

One aspect that we continue to monitor is the implementation of the Peace Accord. Since the approval of the Peace Accord in 2016 under Colombian president Santos, the Colombian government has been translating the agreement in law and policy and started the implementation. In August 2018, the newly elected President Duque was inaugurated. President Duque has voiced criticism towards the current Peace Accord and has also called for alterations to the peace deal<sup>7,8</sup>.

So far this has at least resulted in significant cuts of the budget for the implementation of the Peace Accord<sup>9</sup>. The implications of this have yet to be seen, but this may at least cause a delay in the peace process.

Prodeco has taken steps in supporting the peace process. The company participated in the Estados Unidos commemoration of victims events, which is a very positive step towards the restoration of trust within its communities. Earlier last year, Prodeco signed a Trust Pact with the community of La Victoria<sup>10</sup>.

A concerning development we have seen has been is the increase in threats and violence against civil rights defenders in whole Colombia, including the mining regions Cesar and La Guajira. The origin of this increase is still unknown, but regardless of the reason, the fact is that this trend has to be addressed. We see companies taking their responsibility in making a joint statement addressing the violence, protecting threatened people in scope of their operations and raising this topic to local and national governments. We hope that these actions have the desired effect and we will continue to monitor the developments.

4. <https://www.elpaisvallenato.com/2018/11/30/comunidad-de-el-hatillo-celebra-firma-del-plan-de-accion-de-reasentamiento/>

5. <https://www.paxforpeace.nl/stay-informed/news/blood-coal-victims-see-hope-in-new-colombian-truth-commission>

6. <https://www.paxforpeace.nl/stay-informed/news/prodeco-advances-on-peace-and-reconciliation>

7. <https://www.bloomberg.com/news/articles/2018-06-18/colombia-elects-pro-business-president-who-attacked-peace-accord>

8. [https://www.washingtonpost.com/world/the\\_americas/two-years-after-colombia-won-a-nobel-peace-prize-the-peace-is-in-jeopardy/2018/06/15/c6030c9c-6d8b-11e8-b4d8-eaf78d4c544c\\_story.html?noredirect=on&utm\\_term=.321427e9078f](https://www.washingtonpost.com/world/the_americas/two-years-after-colombia-won-a-nobel-peace-prize-the-peace-is-in-jeopardy/2018/06/15/c6030c9c-6d8b-11e8-b4d8-eaf78d4c544c_story.html?noredirect=on&utm_term=.321427e9078f)

9. <https://www.rcnradio.com/economia/aprueban-presupuesto-nacional-para-el-2019>

10. <http://www.grupoprodeco.com.co/en/media/corporate-news/grupo-prodeco-supports-la-victoria-de-san-isidro-signing-trust-pact-community-development/>

## 2.4. Stakeholder Alignment and Capacity Building

In October, we hosted a webinar on Community Based Monitoring Mechanisms with the four Colombian mining companies and other Bettercoal members. The idea being to explore how companies can engage communities in the monitoring of environmental impacts as a way to build trust. Best practice was shared including case studies from mines in Mexico and Canada. We were very pleased to see that all four mining companies attended the event. We are very keen to continue exploring this mechanism with the mining companies and bring it under the umbrella of Bettercoal.

We have maintained regular contact with NGOs. For example, we recently have had meetings with Pax, ForumSyd and Ask. We see them as a valuable source of information and are eager to maintain our dialogue.

## 2.5. Next Steps

- Action plan has been agreed with Prodeco. We are working on resulting actions.
- Continue discussion with Cerrejon to agree on an action plan
- Cooperate with Bettercoal to have a site-assessment for Colombian Natural Resources fixed to start discussion on an action plan
- Start dialogue with mining companies on CIP and other identified risks through the Bettercoal Country Working Group
- We have the ambition to be transparent in sharing more details on the action plans and progress. Once action plans are finalised, we will discuss with the mining companies whether and what level of information from the action plans we are able to share publicly.