

Vattenfall's Hard Coal Procurement Explained

Sourcing from Colombia



Vattenfall has taken the commercial decision to do business in Colombia. Colombian coal is attractive for Vattenfall both from a commercial and technical perspective and enables us to maintain a diversified sourcing portfolio. We understand that doing business in Colombia brings certain responsibilities. We take criticism concerning issues of the mining business seriously and aim to contribute to continuous improvement in dialogue with all relevant stakeholders.

A lot of our efforts in Colombia are focused on improving the current situation in and around mining companies. Through Bettercoal, we have self- and site assessments conducted by an external audit company. Based on these insights, improvement areas are identified and discussed with the mining companies. In addition, Vattenfall is engaging with current and possible future suppliers to address responsible mining practices.

Colombia is a country with a history of armed conflict. During this country-wide conflict the communities in the mining regions Cesar and in La Guajira suffered greatly. The role of mining companies during this period is subject of controversial allegations related to displacement and collaboration with paramilitary. Because of this armed conflict, there are at present still victims of past human rights violations who are entitled to a reconciliation process.

Representatives of Vattenfall have visited Colombia, and also spoke to victims, mining companies and the Colombian government. We believe that the Colombian Peace Process is a vital process to achieve this reconciliation and help rebuild the region in Colombia. During our visit to Colombia, and continuously thereafter, we have repeatedly voiced our support for the Peace Process and reconciliation for the victims of past human rights violations.

The Peace Process in Colombia is a very sensitive and political topic that needs to be moved forward carefully to ensure the best results for the whole of Colombia. We understand that this slow process causes frustration among the victims of past human rights violations. Against this background, we welcome that in September 2015 the Colombian government has made a major step towards ending the historic conflict by reaching a partial agreement on a legal framework for transitional justice. This could provide a basis for a reconciliation process for the victims of past human rights violations. In our contacts with both Colombian and Dutch government officials, we have been encouraged not to disengage from this region now, but to continue to support their efforts for peace and reconciliation.

Vattenfall is committed to using our commercial leverage with Colombian mining companies to ensure that mining companies in Colombia play a positive role in rebuilding the regions which have been affected by the armed conflict. We require that our Colombian suppliers support the Colombian government in its efforts for reconciliation for victims of past human rights violations. We therefore have as a minimal requirement that our suppliers should; (i) publicly condemn any human rights violations in the past which took place in the region where they operate currently, (ii) publicly support the Colombian Peace Process and (iii) publicly support a reconciliation procedure for the victims of past human rights violations. Vattenfall does not engage in a direct sourcing relationship with companies operating in the region that have not met these minimal requirements.

These requirements and our efforts in this matter are in addition to our continued engagement with our suppliers through Bettercoal.

We believe maintaining a constructive and continuous dialogue with the mining companies is the best way to positively impact them going forward. This is why we are in dialogues with mining companies that already fulfil our criteria but also those companies that are not there yet.