

Vattenfall's responsible hard coal sourcing explained

Vattenfall in Colombia

Vattenfall sourced hard coal from Colombia for many years. In 2012 approximately 40 percent of the coal that was needed for our plants originated from Colombia. We gradually decreased our overall coal volume over the years as well as the share of Colombian coal. In 2019 we received the last shipment of Colombian coal and 5 percent of our annual sourcing originated from Colombia.

Transparency on origin of coal and direct suppliers

We have published the origin of our coal volumes transparently on our website and in our annual reports since 2011. Vattenfall also started to publish a list of its direct coal suppliers to increase transparency in the coal supply chain in 2017. For this new approach we received a lot of support from Non-Governmental Organisations (NGOs). The Centre of Research for Multinational Enterprises (SOMO) for example applauded us for “providing this level of transparency, which is unique among energy utilities”.¹

Due Diligence

We are committed to UN Guiding Principles and believe that each company is individually responsible to set up and perform robust due diligence, especially in high-risk countries such as Colombia.

At the same time, we must not underestimate the effect of joint action, whenever possible, to increase leverage on coal mining companies.

In 2014, we took a major step in our coal supply chain due diligence by implementing a risk screening process for our hard coal suppliers. We have refined and improved this process during subsequent years.

In 2016, we put three additional criteria for our Colombian suppliers in place. We required that they support the Colombian government in its efforts for reconciliation for victims of past human rights violations. Following this, we had a series of meetings with the mining companies Drummond and Glencore to push the companies to support the government in its reconciliation procedure.

In 2017, we conducted an extensive Human Rights Impact Assessment in Colombia, the first of its kind in the Colombian coal mining sector.² This report aimed at

¹ [Vattenfall publishes list coal suppliers worldwide \(somo.nl\)](https://www.vattenfall.com/en/our-activities/coal-supply-chain-transparency)

² [vattenfall colombia coal report english.pdf](https://www.vattenfall.com/en/our-activities/coal-supply-chain-transparency/vattenfall-colombia-coal-report-english.pdf)

identifying the most severe human rights impacts in the coal supply chain in Colombia. Our starting point for the assessment were critical voices.

We used the report findings to establish a dialogue with the mining companies and to agree on a concrete action plan with each of the companies to provide remediation. One of our central requirements was that suppliers initiate a direct dialogue with the victims of human rights abuses. This was explicitly asked for by NGOs such as Pax or Urgewald, which we consulted in the drafting phase of the report.

We followed a strategy of continuous improvement and were very clear during the whole process that should we come to the conclusion that a company is not willing to agree on an action plan or has not met an agreed action plan within reasonable time frames, we will first seek to temporarily cease imports, followed by disengagement if matters remain unsolved.

Consequently, we excluded Drummond from our list of approved coal suppliers in 2018 as they were not willing to continue the direct dialogue with us on our assessment and the action plan.³

NGOs applauded us for our approach

For our report and the follow up actions, we received a lot of public support from NGOs such as Forum Syd⁴ or Urgewald. PAX applauded Vattenfall in November 2017 “for setting a new human rights benchmark and clearly showing its commitment to identify and address the human rights impact in the Colombian supply chain”.⁵ The Dutch government called upon other energy companies to follow Vattenfall’s lead.⁶ Our work with Impact Assessment was also included as best practice example in a report by the UN Working Group on Business and Human Rights in 2018.⁷

The Role of Bettercoal

Throughout the years, a main tool to implement our due diligence has been the Bettercoal initiative, which we are a founding member of. Bettercoal was established in 2012 as a platform for energy utilities, trade unions, and coal mining companies to drive continuous improvement in the coal supply chain. The initiative independently assesses the sustainability performance of coal mining operations against the principles of the Bettercoal Code, a globally accepted standard for sourcing coal, and promotes continuous improvements.

Following our pioneering work in Colombia, from the second half of 2018 we started to align our efforts more closely with the work of Bettercoal again, and supported the establishment of the Country Working Group for Colombia within Bettercoal.

³ In fact, we had not sourced directly from Drummond since 2011 but they were part of our screening process and on Vattenfall’s potential supplier list. For a more detailed description, read our HRIA update from November 2019: [vattenfall_hardcoalsourcingfromcolombia-updatejan2019.pdf](#)

⁴ [Forum Syd accompanies Vattenfall visit to Guajira region | ForumCiv](#)

⁵ [Vattenfall requires reconciliation between mining companies and victims - Peace Organization PAX \(paxforpeace.nl\)](#)

⁶ [Dutch support for reconciliation in mining region - Peace Organization PAX \(paxforpeace.nl\)](#)

⁷ [CompanionNote2DiligenceReport.pdf \(ohchr.org\)](#)

In 2018, the mining companies Prodeco and Cerrejón participated in Bettercoal site assessments. Vattenfall worked towards aligning our action plan (resulting from our Human Rights Impact Assessment) with the Continuous Improvements Plans of Bettercoal (following the Bettercoal site assessment).

For both companies, we succeeded to work with one single action plan per company combining the assessment results and our recommendations.

The subsequent work was taken over by the Colombian Working Group of Bettercoal, where Vattenfall is member of. Since the forming of the Country Working Group, Vattenfall's efforts in Colombia have been mainly managed via this body. This is to secure leverage towards the mining companies as Vattenfall is phasing out coal (our current need is around 0.8 million tons). We stopped sourcing coal from Colombia in 2019 altogether, and have no plans to start sourcing Colombian coal again.

Nevertheless, we take criticism concerning issues of the mining business seriously and aim to continuously contribute to improvements in coal producing countries. We continue to do this via Bettercoal and its Colombian Working group.

In 2021 we presented the final update on our Colombian coal sourcing activities according to the requirements of the UN Guiding Principles for Business and Human Rights. According to our own assessment at that point in time, we concluded that because of the due diligence we had in place and all the actions we took especially in the period from 2014 onwards, we had been - in OECD terminology - directly linked to adverse impacts.⁸

⁸ [vattenfall_colombia_update_june_2021.pdf](#)