

PAX, urgewald
Attn. Jan Gruiters, General director PAX
Heffa Schücking, Director urgewald

Vattenfall response to letter from PAX and urgewald of 1st March 2016
Ref: Disengagement from Drummond and Prodeco/Glencore

Date: 17 March 2016

Dear Mr Gruiters,
Dear Mrs Schücking,

Thank you for your letter of 1st March 2016, in which you explain your thinking on the ongoing peace process in Colombia. Being responsible for our coal sourcing activities and being in contact with you previously, we would like to reply to you on behalf of our CEO Magnus Hall.

As we have stated in the past, Vattenfall supports PAX and urgewald in their goal of achieving reconciliation for victims of past human rights violations due to paramilitary violence. We refute all acts of human rights violations as described in your letter and hope that the peace and reconciliation process initiated by the government can clarify responsibilities.

Vattenfall and many other utilities have taken the commercial decision to do business in Colombia. Colombian coal is attractive for Vattenfall both from a commercial and technical perspective and enables Vattenfall to maintain a diversified portfolio. We recognise that doing business in Colombia entails certain responsibilities. We take criticism concerning issues of the mining business very seriously and aim to contribute to continuous improvements in coal producing countries in dialogue with all relevant stakeholders.

Many of our efforts are focussed on improving the current situation in and around mining companies. As you know, our main vehicle to improve the current situation in and around the mines is through Bettercoal. Through this organisation, self- and site assessments are conducted through an external audit company. Corrective actions as well as dialogue and engagement with the assessed mines are also part of this process. A concrete example of this is the assessment by Bettercoal conducted in Colombia, including the re-assessment to check improvements on the corrective action plan.

As you rightly describe, Colombia has a history of armed conflict which also plays a role. Reconciliation with the past provides an opportunity to work towards a better future. That is why Vattenfall is also focussing on the role of the victims of past human rights violations in the region of the coal mines and has called upon a dialogue among all those involved as a first step towards reconciliation. The conflict dates back to 1970 and involves large parts of Colombia and not only the mining regions. Although progress is being made, we need to acknowledge that this is a process which will take time as it involves a large scale peace process in a large country with many different stakeholders.

Since we started the dialogue with PAX in 2010, Vattenfall has taken many steps in engaging different Colombian stakeholders on this issue and has been in dialogue with PAX and other civil society stakeholders in the Netherlands, Germany and Sweden. More concretely, Vattenfall participated in a Dutch Trade Mission to Colombia and site-visit to mining companies in November 2014. During and after this Trade Mission, Vattenfall repeatedly acted upon PAX's request and called upon the mining companies to participate constructively towards reconciliation with victims. Additionally, in October 2015, a first report on the progress towards a more sustainable coal sourcing was published in the Netherlands. Furthermore, in 2015 a high-level meeting with Glencore took place during which Vattenfall addressed the issues raised by PAX.

Although progress in the Colombian peace talk is understandably slow, we do see that progress is being made by the Colombian government and by the mining companies. In our opinion, the Colombian

government is taking its responsibility under the UNGPs is conducting a reconciliation process which will include investigation into these types of past violations. In October 2015 a partial agreement was reached in the peace talks on a legal framework for transitional justice. Moreover, one of the mining companies has joined the Voluntary Principles on Security and Human Rights and has now publicly supported the peace process and has indicated that they will work to structure an approach in collaboration with local peace actors that will support Colombia's journey towards lasting reconciliation and peace.

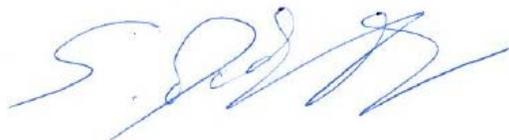
Vattenfall has chosen to continue the dialogue and work with the relevant stakeholders as long as positive steps are being taken. We do not support a strategy of disengagement. This also means that we acknowledge that there is still work to be done and that we will push for continued improvements through dialogue. While participants are making progress, we do not believe in a boycott of Colombian coal. We strive for continuous improvement in a joint effort which asks for co-operation from all stakeholders.

We would like to continue our dialogue with you and accept your invitation to discuss this issue further. We will be in contact with you to set up a meeting.

Kind regards,



Martijn Hagens
(COO Nuon)



Stefan Dohler
(Senior VP Markets)