

# Progress Report

Dutch Coal Covenant

17/18



**Progress report on the voluntary agreement -  
Improving corporate responsibility in the coal  
supply chain**

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# Chapter 1

## Executive summary

As part of the 'Covenant in respect of improvements in the coal supply chain' (the "Covenant"), the signing parties annually report on their main actions and activities in the relevant sourcing regions. This report covers the period September 2017 - October 2018. The main goal of the Covenant is to improve the social and environmental conditions in the international coal supply chain. The results can be grouped along the lines of four key topics: engagement with sourcing regions, individual due diligence, Bettercoal and diplomatic efforts. How these results stack up against the objectives set in the 2018 Action Plans is summarized on the following page.

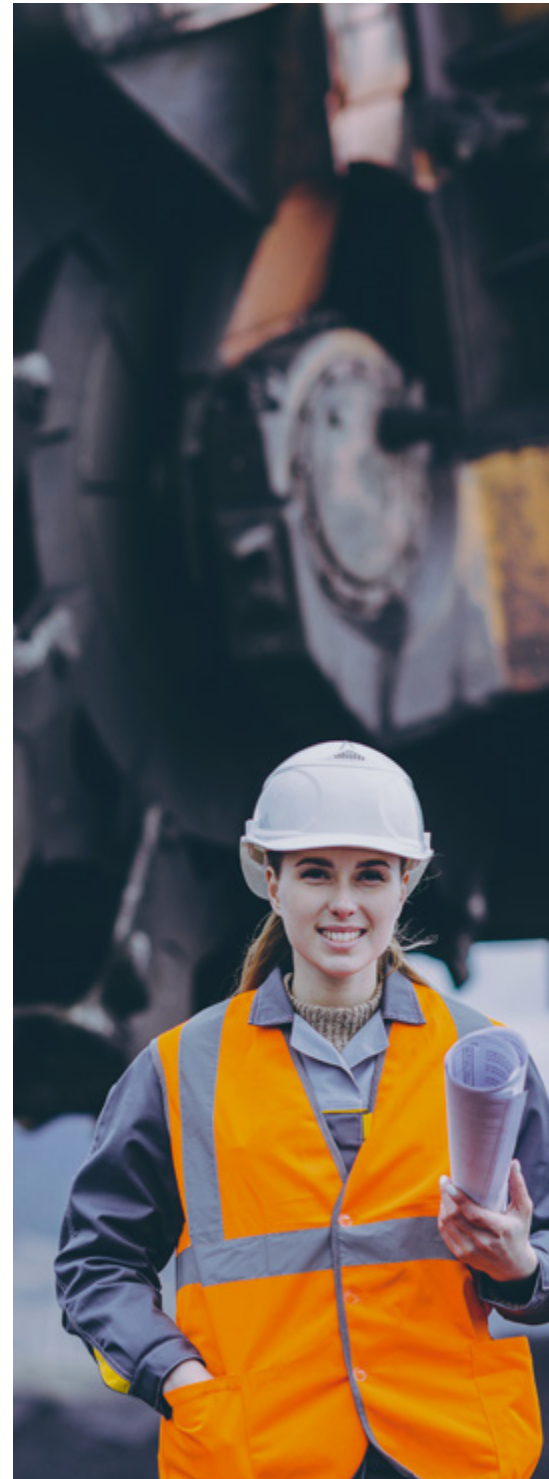
**Engaging with sourcing regions:** In collaboration with the Ministry of Foreign Affairs, energy companies and Bettercoal, the Netherlands Enterprise Agency (RVO) facilitated, as a follow-up to the visit to South Africa, the return visit of a South African delegation to the Netherlands and Germany in November 2017. In April, Bettercoal and the energy companies engaged with various stakeholders in Colombia. On this basis Vattenfall published a follow-up to its human rights risk assessment this July, outlining the progress in for instance the mining areas La Guajira and Boquerón.

**Due diligence:** The Government and the energy companies participated in a workshop on due diligence facilitated by Shift, where they jointly discussed due diligence practices in coal sourcing (a second workshop on communicating performance is planned for January 2019). As part of preparation for the workshops, companies' disclosure on due diligence in the coal supply chain is mapped against the UN Guiding Principles Reporting Framework<sup>1</sup> whereby each company will receive individual feedback based on the mapping. The fourth year of the Covenant saw a continuation of company's individual due diligence practices.

**Bettercoal:** Between September 2017 and October 2018 five new suppliers committed to Bettercoal (Consol Pennsylvania, Maikuben-West LLP, Peabody TwentyMile Mine, Prodeco Group, SUEK) and seven site-assessments took place. For the first time, Bettercoal organised a public outreach event. Bettercoal also updated several of its instruments and set up Country Working Groups on Colombia and Russia.

**Applying diplomatic channels:** The Dutch Government used its diplomatic channels in Colombia via a visit of Dutch and German Ambassador to César, and organised separate political and economic missions of the Dutch Minister of Foreign Affairs and the Prime Minister. The project on trust-building in César went operational with the signing of the protocol in the case of threats to persons in César and La Guajira was by among others the mining companies exporting coal to the energy companies involved in the Covenant. The Dutch Government also continued its support of various instruments, such as the launch of the Responsible Mining Index, and participated in various initiatives such as the Voluntary Principles.

<sup>1</sup> The UN Guiding Principles Reporting Framework is the first comprehensive guidance for companies to report on human rights issues in line with their responsibility to respect human rights. <https://www.ungpreporting.org/>



# Activities from Action Plans 2018

Party	Activities from Action Plans 2018 <sup>2</sup>	Reference	Status
GOV	Raise responsibility regarding the coal chain in discussions with other governments	MFA 2.1	Ongoing discussions with partner governments.
GOV	Stimulate countries to join the Voluntary Principles Initiative on Security and Human Rights	MFA 2.2	Ongoing. No additional countries joined the VPI in 2017-2018.
GOV	Support the development of Bettercoal	MFA 2.3	Ongoing.
GOV	Explore possibilities for European cooperation	MFA 2.4	Possibilities for European scale-up of RBC policy underway.
GOV	Report on performed activities	MFA 2.5	Achieved.
GOV	Contribute to the organization of the annual stakeholder meeting	MFA 2.6	To be held 13th of December.
GOV	Activities in sourcing countries	MFA 2.7	Several projects and activities in Colombia and South Africa.
COMP	Energy companies will publish CSR policy and due diligence on their website	2.4-2.5	Uniper Sustainability Report Sustainability Report Vattenfall RWE CSR Report Engie CSR Policy and Duty of Vigilance
COMP	Suppliers will be directly addressed regarding the coal covenant, Bettercoal and relevant developments	2.4-2.5	Ongoing. Several new suppliers committed to Bettercoal.
COMP	Independent assessments by Bettercoal	2.4-2.5	Ongoing
COMP	Annual report Bettercoal in Q2	2.4-2.5	Published on the Bettercoal website
COMP	Pro-active contacts with stakeholders	2.4-2.5	Ongoing
COMP	Publication list of mines on an aggregated level	2.6-2.7	Published in May by the four energy companies on their respective websites
COMP	Annual stakeholder meeting	5.1	Planned for December 13 <sup>th</sup> 2018 in Amsterdam

<sup>2</sup> The Action Plans of the Dutch Government and the energy companies can be retrieved here: For the Action Plan 2018, see: <https://www.rijksoverheid.nl/documenten/rapporten/2018/05/09/actiepunten-2018-van-de-overheid-en-energiebedrijven-voor-de-uitvoering-van-het-convenant-ten-aanzien-van-de-verbeteringen-in-de-steenkoolketen>.



## Chapter 2

# Introduction and context

## 2.1 About this Report: a new structure

As part of the 'Covenant in respect of improvements in the coal supply chain' (the "Covenant"), the signing parties annually report on their main actions and activities in the relevant sourcing regions. This report covers the period September 2017 - October 2018. Because the report has become a lengthy exercise over the last years, we decided to go for a different, more to the point and informative approach this year. As has been the case in recent years, we will discuss the content of the report and other topics during our annual stakeholder meeting, which takes place this year at the Vattenfall offices in Amsterdam.

**...we decided to go for a different, more to the point and informative approach this year.**

## 2.2 About the Covenant

In November 2014, the Ministers of Economic Affairs, Foreign Affairs and the four energy companies owning coal plants in the Netherlands signed the 'Covenant in respect of improvements in the coal supply chain'. The duration of the covenant is five years.

The main goal of the Covenant is to improve the social and environmental conditions in the international coal supply chain. Companies implement their supply chain responsibility in terms of responsible business conduct as outlined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. By doing so, they aim to prevent their activities from causing or contributing to adverse impacts, and to be able to address such impacts if they occur. Furthermore, business partners, including suppliers and subcontractors, are actively encouraged to implement the OECD Guidelines.

The companies have agreed to conduct due diligence as part of their purchasing policies for coal used in the Netherlands. They aim to contribute to improvements in the countries of origin of the coal they source. Bettercoal conducts independent audits at coal mines, including the mines from which the Bettercoal members obtain their coal, the results of which are used to create improvement programs for the coal mines. The implementation of these improvement programs is actively monitored by Bettercoal.

The government supports the companies in the implementation of their responsibility in the coal supply chain. The government contributes to a climate in which responsible business conduct thrives, and actively seeks dialogue with other European governments and governments in coal-exporting countries regarding the activities referred to in this covenant.



## 2.3 Main developments in key sourcing countries

In the Covenant, parties have agreed to pay special attention to Colombia and South Africa. These countries were at the time the most relevant ones for the Dutch power plants. Internationally, companies furthermore prioritized Russia and the U.S. in line with the origins of hard coal in their portfolio. The efforts of the companies have resulted in, among others, an increase in the number of Bettercoal site-assessments in these countries and country visits by Bettercoal and/or Bettercoal members to these countries. Two examples of the latter are the joint visits of the companies, Dutch government representatives and civil society stakeholders to Colombia (2016) and South Africa (2017).

The countries mentioned above are also priority countries for Bettercoal. For Colombia and Russia, Bettercoal has now installed Country Working Groups (CWGs). These CWGs will serve as a platform for dialogue between Bettercoal members and mining companies to discuss the outcome of the Bettercoal site-assessments, address risks relevant to the country and support mining companies in their efforts towards continuous improvements. The Terms of Reference for the CWGs are publicly available on the Bettercoal website.







## Colombia

Civil society contributed to the growing awareness in Europe that corporate social responsibility in the coal supply chain needs to be addressed by addressing the situation in Colombia's C sar and La Guajira coal mining regions. Over the past years, relations with the four relevant mining companies and other relevant stakeholders in the region have intensified. Delegations of companies, government and civil society stakeholders have visited Europe, and in return European delegations have visited Colombia. The Covenant partners are in continued discussions with the mining companies, government representatives and other stakeholders. Trust building between stakeholders in Colombia has been vital to progress, as sensitive issues have been an increasing part of the ongoing dialogue over the years. Coal suppliers have chosen their individual ways to deal with the socio-political situation in the region, though they are each addressing the continued violence against civil rights defenders in the mining regions. Three suppliers have joined the Bettercoal program and the fourth is in the process of joining the program. The Dutch Government paid specific attention to Colombia, for example through several diplomatic missions to Colombia of the Minister of Foreign Affairs in April and the Prime Minister this November.

## South Africa

In collaboration with the Ministry of Foreign Affairs, energy companies and Bettercoal, the Netherlands Enterprise Agency (RVO) facilitated the return visit of a South African delegation to the Netherlands and Germany in November 2018. In the Netherlands, the parties visited EMO and participated in a civil society roundtable. In Germany, the program included discussions on the relation between the mining industry and local communities and a visit to RWE's Garzweiler mine to discuss relocation and reclamation. Despite these valuable visits, it has proven difficult to develop lasting relationships and to motivate South African mining companies to commit to Bettercoal. This makes achieving concrete results difficult, although Bettercoal and its members will continue the effort.

## 2.4 Implications of the Dutch coal phase-out

Due to the global push to address climate change, the position of coal plants is up for discussion in almost all Western European countries. The Netherlands has already set a date for the phase-out of coal, and joined a coalition of 20 countries committing to phase out coal before 2030<sup>3</sup>. In the 2017 Coalition Agreement 'Confidence in the Future', the four coalition parties agreed on a coal phase-out as part of an ambitious set of climate targets. Other countries, such as Germany in its Climate Action Plan 2050, have not adopted set dates but are nevertheless planning to drastically reduce CO2 emissions in the coming years<sup>4</sup>.

*"We have decided to stop producing electricity from coal. When we started this plan in early 2016 we were at 15% of our electricity being generated from coal at Engie. In a little more than 18 months we have already come halfway."*

*- Isabelle Kocher, CEO of ENGIE, interview November 2017<sup>5</sup>*

Concretely, this means that of the five remaining coal plants in the Netherlands, the two oldest must stop firing coal as of January 1<sup>st</sup>, 2025, while the three newer plants must stop by January 1<sup>st</sup>, 2030.

The coal phase-out has significantly impacted the directions the energy companies are taking. ENGIE's CEO Isabelle Kocher announced that the company will stop producing energy from coal in the coming years. In a principle-agreement pending the approval of competition authorities, RWE agreed to a deal with E.ON which will make RWE one of the major European parties in the field of sustainable energy production. The Hemweg power station of Vattenfall is expected to close early in 2024, after which the power station will be dismantled<sup>6</sup>.

The draft law for the coal phase-out is currently (at time of publication) being reviewed by the Council of State. Following their advice, the draft law will be sent to Parliament for approval. Naturally, the coal phase-out will have implications for the discussion on the coal chain in Europe, the position of Bettercoal and the potential follow-up to this Covenant. This is one of the topics that we will explore in the upcoming last year of the Covenant.

Energy-plant	Hemweg-centrale	Amer-centrale	Centrale Rotterdam	Maasvlakte-centrale	Eemshaven-centrale
Company					
End date coal	December 31 <sup>st</sup> 2024	December 31 <sup>st</sup> 2024	December 31 <sup>st</sup> 2029	December 31 <sup>st</sup> 2029	December 31 <sup>st</sup> 2029

<sup>3</sup> <https://www.duurzaambedrijfsleven.nl/energie/25903/twintig-landen-beloven-uitfasering-van-kolen-voor-2030>

<sup>4</sup> <https://www.bmu.de/en/topics/climate-energy/climate/national-climate-policy/greenhouse-gas-neutral-germany-2050/>

<sup>5</sup> <https://www.euractiv.com/section/energy/video/engie-phasing-out-coal-as-quickly-as-possible/>

<sup>6</sup> <https://www.nuon.com/activiteiten/kolen/>



# Results and progress

## 3.1 Collective action

### Origin of coal used in coal plants

The energy companies provide an aggregate list of their coal imports<sup>7</sup> each year. In addition, Vattenfall discloses a list of their coal suppliers and countries of import<sup>8</sup>.

### Due Diligence Working Group

The Covenant commits the companies to undertake human rights due diligence and communicate annually on the progress achieved. In the course of implementing the agreement, the companies have each taken own steps to implement due diligence procedures to address their coal supply chain responsibility and report on the outcome externally. However, the companies also recognize the critiques from civil society stakeholders, regarding a need for more transparency in the actions undertaken and progress made to date by the parties.

**The Covenant commits the companies to undertake human rights due diligence and communicate annually on the progress achieved.**

The companies have therefore, jointly with the Ministries, established the 'due diligence working group' ("Working Group"). The aim of this working group is to share company experiences and to address several specific questions that have emerged. These include: the relationship between individual due diligence and collective action (for example, through the Bettercoal Initiative); the nature of business responsibility for impacts under the UNGPs and the OECD Guidelines after the purchasing relationship has concluded; how to understand the role of trading activities within the due diligence process; and the challenges that spot trading can create in terms of both traceability of the supply chain and leverage over suppliers, and how to begin to overcome these challenges.

The parties have approached Shift<sup>9</sup> to facilitate the work of the Working Group and provide expert input. The first workshop was held in November 2018. Because this was soon before the finalization of this report, the results could not be included here, but the parties will share a first overview during the annual stakeholder meeting and provide more details in next year's report.

The Working Group is also exploring the issue of leverage in the three primary ways of sourcing which are applied in the coal supply chain: direct sourcing, trading on behalf of mines, and screen trading. Prices in the coal market fluctuate, which in turn affects the risk strategies that determine what sourcing strategies are being used. The sourcing method has an effect on the leverage that energy companies have to make an impact on supplier practices. Of the three sourcing methods, screen trading poses the greatest challenge to exercising leverage, because the origin of coal and CSR practices of counterparties can be difficult to trace back on coal trading platforms as GlobalCoal. Both in conversations within the Covenant and more in-depth discussions as part of the Due Diligence workshops facilitated by Shift, the parties are working to get this issue into a sharper perspective and to investigate options to increase leverage in procurement via screen trading.

<sup>7</sup> The aggregate list of coal origin can be found here: <https://www.uniper.energy/benelux/>

<sup>8</sup> The origin of Vattenfall's hard coal 2015-2017 can be found here: [https://corporate.vattenfall.com/globalassets/corporate/sustainability/doc/origin\\_of\\_hard\\_coal\\_sept2018.pdf](https://corporate.vattenfall.com/globalassets/corporate/sustainability/doc/origin_of_hard_coal_sept2018.pdf)

<sup>9</sup> Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift's global team facilitates dialogue, builds capacity and develops new approaches with companies, government, civil society organizations and international institutions to bring about a world in which business gets done with respect for people's fundamental welfare and dignity. Shift is a non-profit, mission-driven organization. For more information see: [www.shiftproject.org](http://www.shiftproject.org).



### Bettercoal trip to Colombia - April 2018

During the first quarter of 2018, the companies visited Colombia as a Bettercoal-delegation for a two week trip to visit Bogota and the two mining regions. They discussed progress within Bettercoal, the Vattenfall 2017 human rights risk assessment, and received updates on the situation on the ground, all of which serves as input for the required continuous improvement plans the suppliers have to deliver. The delegation met with different stakeholders, including: all four mining companies; the community representatives of El Hatillo, Boquerón, Tabaco, Roche, Patilla, Rocio, Chancleta and Tamaquito; the Ministry of Labor; the Ministry of Health; the Ministry of Mines; the National Ombudsman; the Presidential Advisor on Human Rights; representatives of several labor unions; the Dutch and German Ambassador; Padre de Roux from the Truth Commission; and a human rights expert from the Swedish Embassy.

Since the last visit, the delegation was informed of progress on several issues:

- Signed declaration on respecting and protection of Human Rights Defenders: On June 12<sup>th</sup>, a joint declaration on rejection of threats to the life and integrity of Human Rights Defenders was signed by the Presidential Council for Human Rights, the Ministry of Mines and Energy, the Ministry of Interior, and mining companies Cerrejón, CNR, Drummond and Prodeco, with the support of civil society organizations CREER and the Ideas for Peace Foundation (FIP).<sup>10</sup>
- Resettlement of El Hatillo: The El Hatillo community recently signed the resettlement action plan.<sup>11</sup>
- Development Plan for La Victoria: Prodeco has signed a Trust Pact with community associations of La Victoria, the Mayor of La Jagua, the governor of Cesar and the Human Rights Adviser of the Presidency<sup>12</sup>. The aim of the Trust Pact is to reinforce and continue the work done over the last years to strengthen organizational and business capacities and promote citizen participation and the sustainable development of the community.

<sup>10</sup> <http://www.ideaspaz.org/publications/posts/1681>

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

<sup>12</sup> <http://www.grupoprodeco.com.co/en/media/corporate-news/grupo-prodeco-supports-la-victoria-de-san-isidro-signing-trust-pact-community-development/>

<sup>13</sup> Serious threats against human rights defenders in Cesar mining region

<https://www.paxforpeace.nl/stay-informed/news/serious-threats-against-human-rights-defenders-in-cesar-mining-region>

On the other hand, members observed that despite efforts from the mining companies, a lot of the challenges remain, though this is not unexpected as many issues cannot be fixed quickly and require a longer process of involvement. One key underlying issue continues to be the lack of trust between stakeholders, hindering progress on all fronts. Some of the most important issues that still needs to be discussed with the mining companies are:

- Reconciliation for victims of past human rights violations. Although there has been some progress, improvements are still needed towards a dialogue between the victims of past human rights violations and the mining companies<sup>13</sup>.
- Access of water in La Guajira. La Guajira is a dry region. Communities close to the mining operations in this area have stated that mining has impacted their access to water and that, after resettlement, the water which was provided to them was insufficient in both amount and quality.
- Resettlement of Boquerón. The resettlement of Boquerón has been delayed due to a multitude of reasons. First, the community had an influx of new residents after the resettlement order was announced. Their interests are divided between those who want to stay and those who want compensation for resettlement. Second, the original order to resettle the community was, according to the mining companies, based on a too high prognosis of emissions. The mining companies conducted a study, which shows that emission levels are below that of the national limits. Based on this study, they claim that Boquerón does not have to be resettled. The environmental regulator ANLA is reviewing the study, but as this is a controversial topic and due to recent elections, the decision will likely not be ready until late 2018. According to community representatives, people have limited access to water, electricity, transport and other infrastructure.
- Worker rights. Comments from the Labor Unions indicate need for improvement on three main topics: Health and safety conditions for workers, recognition of work-related illnesses, and use of subcontractors.

## 3.2 Bettercoal activities

### Bettercoal progress September 2017 – October 2018

Bettercoal is a global standards initiative established by major coal buyers striving to promote continuous improvement of sustainability performance in their coal supply chain. Bettercoal assesses, through independent Assessors, the performance of coal mining operations against the ten principles of the Bettercoal Code (the Code). Coal mining operations participating in the Supplier Assessment Process are known as Bettercoal Suppliers. Bettercoal does not provide a certification of performance to Bettercoal Suppliers. Bettercoal members use the information from the Assessments in their due diligence processes and purchasing decisions.

## Bettercoal Suppliers

Number of Suppliers who have committed to Bettercoal between September 2017 and October 2018

5

Consol Pennsylvania,  
Maikuben-West LLP,  
Peabody TwentyMile Mine,  
Prodeco Group,  
SUEK

Total number of Bettercoal Suppliers participating in the Assessment Process as of Oct 2018:

18

see table below

Step	Supplier	Country	Comments
1: Supplier Commitment	2:		
	Taldinskaya Fuel & Energy Company JSC	Russia	
2: Desktop Review (includes an SAQ)	4:		
	Maikuben-West LLP	Kazakhstan	
	Peabody Energy TwentyMile Mine	USA	
	Consol Pennsylvania	USA	
	Taldinskaya Mining Company LCC	Russia	
3: Site-Assessment	2:		
	Prodeco Group	Colombia	Site-Assessment took place in August 2018
	PT Bhumi Rantau Energi	Indonesia	Site-Assessment took place in July 2018
4: Continuous Improvement	10:		
	Canyon Coal Pty (Ltd),	South Africa	
	Cerrejon Coal Company	Colombia	Site-Assessment took place in July 2018
	Foresight Energy	USA	
	HJ Banks & Co. Ltd	UK	
	Kangra Coal Pty (Ltd)	South Africa	Site-Assessment took place in January 2018
	Kuzbassrazrezugol Coal Company OJSC	Russia	
	PT Adaro Indonesia	Indonesia	
	Shubarkol Komir JSC	Kazakhstan	Site-Assessment took place in November 2017
	Siberian Business Union Coal	Russia	Site-Assessment took place in September 2017
	SUEK JSC	Russia	Site-Assessment took place in February 2018
Re-Assessment	1:		
	Drummond Company, Inc, Itochu Corp	Colombia	



#### **New Assessment Process**

In July 2018, Bettercoal launched its fully revised Assurance System which supports the delivery of the Bettercoal Code. Bettercoal has been working with the multi-stakeholder Technical & Advisory Committee and Bettercoal members during 2016-2018 to review the Supplier Assessment Process. Improvements have been made to better capture the commitment of Suppliers and to ensure that the outcomes and expectations are clear and consistent, that reporting is transparent, and that deadlines are met. The revised Supplier Assessment Process and associated documents were launched in July 2018.

The new Assessment Process consists of five steps and includes an obligation to undergo a Site-Assessment and to regularly reporting on continuous improvement. This new system aims to reflect:

- A strong commitment made by coal producers from the outset, including clear deadlines;
- Mandatory Site-Assessment and reporting on Continuous Improvement;
- Clear guidelines for Bettercoal members' involvement in the process to avoid duplication of effort;
- Clear and transparent claims for coal producers joining the Bettercoal Assessment Process and use in marketing materials;
- New Policy of Association and clear guidelines for disassociation.

The new documents that support the revised Assurance System include:

- Assessment Manual
- Updated Preface of the Bettercoal Code
- Bettercoal Code Review Procedure

- Claims & Logo Use Guide
- Country Prioritisation 2018
- Lead Assessor Application Form
- Lead Assessor Allocation Procedures
- Lead Assessor Approval Process & Criteria
- Policy of Association

#### **Members' Implementation and Reporting Obligations (MIRO)**

In 2018, Bettercoal started the review of the Members' Implementation and Reporting Obligations. Through the review process, Bettercoal aims to increase the level of disclosure to stakeholders on how members use the data from the Bettercoal Assessments in their due diligence processes and purchasing decisions. In parallel, following a consultation with members, suppliers, the Technical & Advisory Committee and other key stakeholders, the Bettercoal Secretariat developed the MIRO Phase 3 key performance indicators that entered into a testing period for Member companies. The aim is to have the new indicators approved by the Board of Directors in December 2018 and start the implementation in 2019.

The purpose of the MIRO Phase 3 is to:

- Demonstrate transparency;
- Enable Bettercoal members to make stronger claims regarding their membership and their respective responsibility in the coal supply chain;
- Improve the credibility of Bettercoal and its membership;
- Contribute to Bettercoal's communication about its role in working towards a global responsible coal supply chain.

The results of MIRO Phase 3 will be aggregated and published in a report on the Bettercoal website.

### Partnerships and Stakeholder Engagement

Some other developments that took place included the launch of Bettercoal's new brand and website in April 2018. The new Bettercoal brand emphasizes the human aspect of the coal industry, placing people, employees and communities at the centre and building a narrative of continuous improvement around both Suppliers and Members. The new website is easy to navigate and combines both visual and text information, which is better structured and more relevant to the wider value chain.

A Memorandum of Understanding (MoU) was signed with Equitable Origin (EO) in June 2018. EO is the world's first stakeholder-based, independent, voluntary standards system for energy production and generation. Established in 2009, EO has the mission of partnering with communities, business, and government to support transparent, sustainable and equitable energy development that benefits all stakeholders. The MoU has the objective to forge an active and mutually beneficial relationship between EO and Bettercoal. Together, they will seek to identify and to develop opportunities including but not

limited to: harmonization of standards; sharing of knowledge and expertise on standard-setting and assurance; collaboration on technology-based platforms for performance measurement and verification; and, actively supporting the adoption of both standards and assurance systems in global energy value chains.

In line with its Country Prioritisation Strategy, specific Country Working Groups have been set up for Russia and Colombia, with the possibility of adding more countries. The purpose of the Country Working Groups is to:

- Develop a coordinated approach to the monitoring of Continuous Improvement Plans (CIPs)
- Develop country and context expertise
- Communication, such as responding to complaints
- Grow Supplier participation
- Discuss any other issues which could be relevant for Members

Bettercoal participated at two roundtables on the Sustainable Development Goals (SDGs) organised by World Coal Association in the United Kingdom and South Africa. Stakeholders representing coal mining companies, buyers, civil society organisations, standards initiatives, governments and NGOs discussed the importance of the coal industry to contribute to the implementation of the SDGs at various levels. Following-up on that, Bettercoal also participated at the Coal and the SDGs Dialogue event organised by World Coal Association in November 2018 in London, where the issues around coal and the SDGs were further examined together with a wider audience. Over the last years, European imports of Russian coal increased due to market developments. As a result of this, energy companies have been increasingly following developments in Russia. Bettercoal and its members are pleased that Russian suppliers are showing a growing interest to take part in the Bettercoal program. This has resulted in the engagement of 5 Russian mining companies in Bettercoal site-assessments, with accompanying findings addressed through Continuous Improvement Plans. Energy companies are also increasing their engagement with other relevant stakeholders in the Russian coal regions. One example is a meeting with Russian NGO Ecodefence on November 8th 2018 in Dusseldorf, where representatives from the companies were informed about the situation in the Kemerovo region in Russia. The information received will be discussed within Bettercoal and taken into the dialogue with the Russian mining companies.





# 3.3 Action by government

The Ministry of Foreign Affairs (MFA) has applied its diplomatic channels to achieve the goals set out in the Covenant. As part of its diplomatic efforts, the MFA has committed to address other governments' responsibilities regarding responsible supply chains, encourage adherence to international standards and guidelines, and promote European collaboration<sup>14</sup>.

### On the global stage

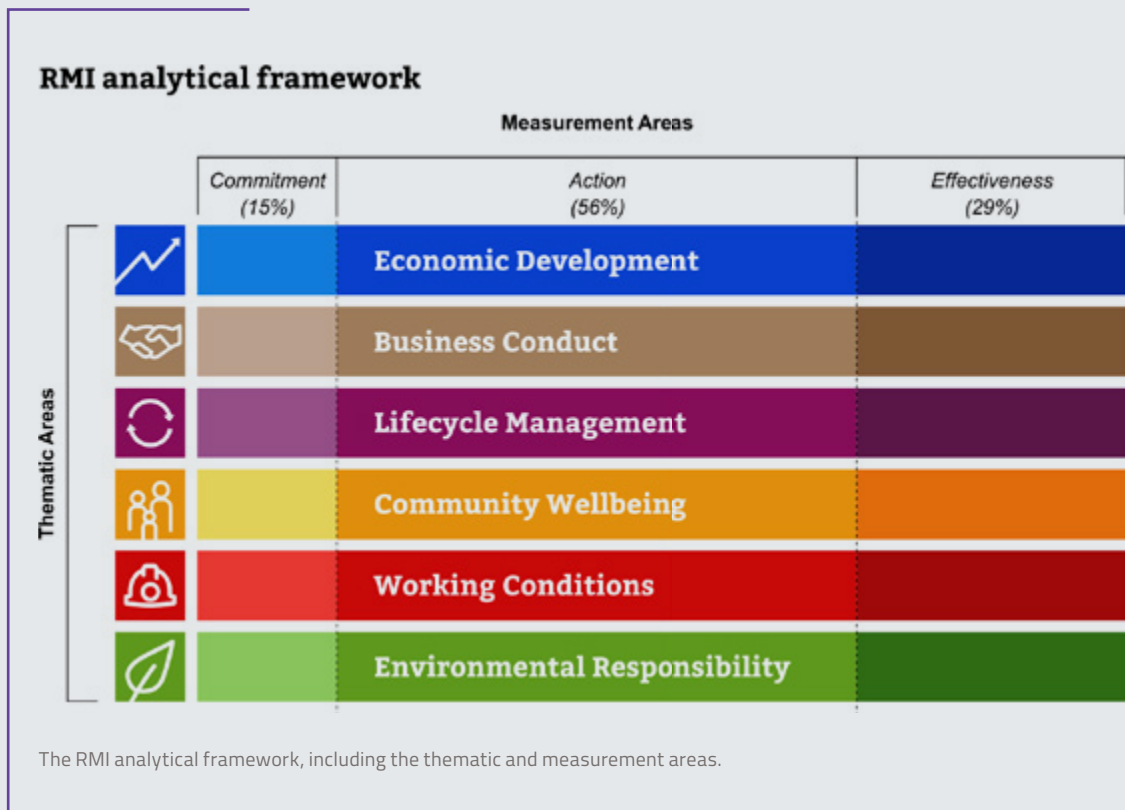
In April 2018 the Responsible Mining Index (RMI) was launched in Geneva<sup>15</sup>. As one of the government donors, Jaime de Bourbon, former Special Envoy of Natural Resources, talked about the Dutch efforts to make small-scale and large-scale mining more responsible. The RMI 2018 assesses 30 major mining companies, which jointly operate in more than 700 mines in more than 40 countries. The index measures the behavior of companies on the basis of six subject areas such as economic development, working conditions, community wellbeing, and environmental responsibility. The instrument serves to support companies to demonstrate and improve on systematic approaches to address risks and impacts, including through human rights due diligence.

During the 12th OECD Forum on Responsible Mineral Supply Chains in April 2018 in Paris, the MFA co-organized a session on practical tools for the private sector for tackling gender risks in mineral supply chains. The MFA also participated in a session on fostering due diligence in the commodity trading sector, which explored the specific challenges companies of the sector are faced with, as well as the particular role they can play as key intermediaries in global supply chains of minerals.

As noted in the 2018 Action Plan, the MFA has also encouraged other governments' adherence to international standards and initiatives. The Voluntary Principles on Security and Human Rights (VPI) is one such multi-stakeholder initiative in which governments, companies and civil society commit to implement and support the implementation of a set of principles that guide oil, gas and mining companies, including coal mining companies, in providing security for their operations in a manner that respects human rights. The Netherlands has acted as chair of the VPI until March 2018 and as such has been deeply involved with the implementation and outreach activities of the VPI.

<sup>14</sup> For the Action Plan 2018, see: <https://www.rijksoverheid.nl/documenten/rapporten/2018/05/09/actiepunten-2018-van-de-overheid-en-energiebedrijven-voor-de-uitvoering-van-het-convenant-ten-aanzien-van-de-verbeteringen-in-de-steenkoolketen>

<sup>15</sup> For more information on the Responsible Mining Index, please access: <https://responsibleminingindex.org/en>





### In sourcing countries

In November 2018, the Ministry of Foreign Affairs together with the Netherlands Enterprise Agency (RVO) facilitated the return visit of a South African delegation to the Netherlands and Germany in November 2018. The mission, headed by Dirk-Jan Koch, (former) Special Envoy for Natural Resources, included a visit to EMO, a civil society roundtable on human rights and the coal supply chain, communities and living environment, and on labour unions, and also included various sessions on the linkages between the water and mining sectors. In Germany, the South African delegation participated in a panel discussion on the relation between the mining industry and local communities and visited RWE's Garzweiler mine.

To continue our efforts to promote CSR in Colombia and further execute the Memorandum of Understanding on Mining between the Netherlands and Colombia, in January 2018, The Dutch and German Ambassadors to Colombia visited the mining region César, including coal mines of Prodeco and Drummond. This visit was organized by the Dutch embassy and was part of the follow-up to the visit by Colombian Ministers Holguín and Arce to the Netherlands in Autumn 2017. The Ambassadors had meetings with the management of the mining companies and with trade unions. In addition, meetings were organized by UNHCHR and PAX with representatives of nearby communities.

During a working visit to Colombia in April 2018, the Dutch Minister of Foreign Affairs Stef Blok emphasized the importance of transparency and openness with respect to the social and environmental conditions in the coal mining sector. He also advocated the active participation of Colombian mining companies in the transitional justice system, especially in the Truth Commission. Minister Blok also expressed the Dutch

support for the Colombian government to realize improvements in the coal supply chain. Also in April 2018, the Dutch Embassy hosted a meeting between the Bettercoal delegation, the German Ambassador and representatives from the Swedish Embassy.

As part of the political and trade mission to Colombia this November, the Prime Minister participated in a roundtable discussion with local leaders and human rights defenders on the implementation of the peace agreement with FARC and the human rights situation<sup>16</sup>. The Dutch Government supports the efforts of the Colombian Government by supporting the transitional justice mechanism with a contribution of 2.5 million euros from the Stability Fund. The implementation of the transitional justice mechanism is part of the peace agreement with the FARC. Justice and truth-finding for the victims of paramilitaries in César must take place in this mechanism. The Netherlands supports the Truth Commission, the Peace Tribunal and the Special Unit for Finding Missing Persons and has signed Memorandums of Understanding with these bodies. The Netherlands pays particular attention to the participation of victims and supports alliances of victim organizations.

Furthermore, the MFA actively supports the multi-stakeholder dialogue in mining region César, organized by CREER, the Colombian Institute for Human Rights and Business. This dialogue is aimed at providing access to remedy and officially started in June 2018. First of all, local communities, companies and local government are being trained in their knowledge and negotiation skills in cooperation with the Consensus Building Institute. These trainings are in preparation of the first assembly, which is scheduled for December 2018. The first theme that will be tackled is 'Safety', which includes the safety of communities as well as civil society leaders and human rights defenders.

<sup>16</sup> <https://www.rijksoverheid.nl/actueel/nieuws/2018/11/20/minister-president-op-politieke--en-handelsmissie-naar-colombia-en-naar-g20-in-argentinie>

# 3.4 Individual action by energy companies



## General

In 2018 ENGIE continued their strategy according to their formulated strategy "Human rights: commitments and implementation". It has formalized a due diligence process, in line with the requirements of the United Nations Guiding Principles and the French Duty of Vigilance law.<sup>17</sup>

**As a parent company, ENGIE SA makes sure this policy is effectively implemented.**

ENGIE has published its vigilance plan last year. This vigilance plan summarizes all of the measures taken by ENGIE to prevent serious violations of human rights, fundamental freedoms, and the health and safety of people and the environment for the ENGIE Group. The group's vigilance plan is based on the various policies the group has been implementing for several years with respect to human rights, health and safety, and the environment. The plan is managed and monitored from the highest group level by the Board of Directors' Committee for Ethics, the Environment and

Sustainability. The vigilance plan is comprised of a map of major risks for the group, of which energy procurement activities are one, and is based on a risk analysis related to its activities (direct or subcontracted) and the specifics of the geographical areas in which it operates, in accordance with existing policies in the area of health and safety, the environment, and human rights. ENGIE exercises vigilance by fully incorporating the requirements of the human rights policy into the group's centralized ethics compliance process. The Corporate Social Responsibility (CSR) policy guides the environmental and social vigilance program. Environmental and social risks are analyzed periodically at every level of the company. CSR analysis criteria make it possible to identify risks and take them into account before starting projects. The Group's CSR policy aims to institute action plans at various levels to avoid, reduce, and if necessary, offset the environmental and social impacts of the Group's activities. This policy is deployed in each BU, subsidiary, and site. Its implementation is monitored through goals and actions plans that are reviewed every year. This review process enables us to make sure our obligations, with respect to environmental and social vigilance, are properly satisfied.

As a parent company, ENGIE SA makes sure this policy is effectively implemented. If necessary, it provides for control measures by means of internal control procedures backed up by both scheduled and unscheduled internal or external audits.

The governance of environmental and societal responsibility, including the coal supply chain, is a top priority within the group and therefore directly managed by the Ethics Committee, the group's Executive Committee and the Environmental and Societal Responsibility Executive Committee.

## Bettercoal and Individual actions

On regular basis, employees of ENGIE have bilateral meetings with coal suppliers in which human rights are an important topic. All bilateral contracts with mining companies include mandatory ethical, environmental and social responsibility clauses. ENGIE encourages coal mining companies to become Bettercoal suppliers, which then includes independent site assessments at the mines. As one of the founding members of Bettercoal, ENGIE works closely together with Bettercoal to implement continuous improvement plans for the assessed coal mining companies. In bilateral contacts with the mining companies, any issues related to the human rights and environmental risks are discussed and if needed mitigating measures are taken.

<sup>17</sup> For actions Engie see: <https://www.engie.com/analystes-rse/gouvernance/devoir-de-vigilance-des-risques-environnementaux-et-societaux/>

In April 2018, employees of ENGIE have visited Colombia as part of the Bettercoal delegation. During this meeting, and afterwards in bilateral meetings, ENGIE has encouraged mining companies to reject public threats to people's lives and physical integrity and to schedule informal meetings with the Truth Commission in Colombia. ENGIE has noticed substantial improvements through these processes and encourages mining companies to continue the positive steps taken.

Via ENGIE Rassembleurs d'Energies, the group provides technical and financial support for projects contributing to sustainable energy access for vulnerable population groups throughout the world. As agreed in the Covenant action plan 2018, ENGIE investigated if these kind of projects can be implemented in Colombia and South Africa in the mining regions. Unfortunately,

ENGIE has not been able to implement concrete projects in the last year, but is still working on it with local colleagues.

Last year, the group has enhanced its whistleblowing system and set a new whistle-blower policy. This system is open to everyone, and the procedure for collecting reports is handled by a trusted third party. It covers all of the ethics commitments set out in the group's ethics charter and makes it possible to report issues related to human rights, health & safety, and the environment, regardless of which stakeholder is involved.

#### **External reporting**

Each year, ENGIE publishes an integrated report in which ENGIE reports e.g. about its stakeholder engagement and CSR strategy. Regarding the coal supply chain, no specific issues are addressed.



# RWE

## General

RWE is an active partner in the discussions on responsible business conduct in the coal supply chain. We have an active participation in discussions not only in the Netherlands, but also in Germany and other relevant markets. We are in regular contact with relevant stakeholders, including governments, NGO's and suppliers.

RWE is one of the founding members and holds the position Chair of the Board of Directors since it was founded in 2013. Also in the other activities of Bettercoal there's an active participation of RWE employees. Examples are participation in both the Membership working group and the Technical and Advisory Committee. Also RWE was present during the visit to Colombia in April this year and as an observer at one of the Bettercoal assessments in Colombia in 2018.

For RWE it's Code of Conduct is the guideline for all procurement transactions of RWE.<sup>18</sup> In the Code, the compliance rules and principles that have to be applied and maintained are described. This is also applicable for the procurement of coal.

To discuss issues related to fuel procurement RWE this year has established a new imported fuels and Corporate Responsibility steering committee to strengthen its decision making processes, identify risks and discuss actions in case problems have been identified.

RWE reviews business relationships with business partners if it becomes known that they have breached the principles of the UN Global Compact. We then identify appropriate measures and put them into action. For example, when using subcontractors, it is important to observe the aspects of local labour law in the individual country. A risk assessment for specific product groups is used as a basis for the regulations to be observed by suppliers. These regulations are then explicitly agreed in separate contractual clauses. Supplier management is a key building block within the strategic procurement process for group-wide procurement. One of the objectives of supplier management is to safeguard and improve the supplier service and to identify and manage supplier risks. If there are any problems in relation to the business relationship, we involve our suppliers and work together with them to generate improvements.

RWE supports the UN Global Compact and wants to make a contribution to the worldwide implementation of its ten principles.

These have been adopted word for word in the RWE Code of Conduct. In our Corporate Responsibility (CR) Report, we have identified the guidelines, programmes and management systems we have introduced to support the implementation of the ten principles within our sphere of influence.<sup>19</sup> The implementation of the ten principles also assists us in making the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 a reality.

With regard to new (potential) suppliers, RWE executes a Know Your Customer process. That means that suppliers are revised on the basis of external reviews of the supplier's performance regarding human rights, environmental and social aspects. The supplier is visited and an extensive due diligence process on financial issues including bribery and corruption is performed.

## New CR strategy

**In the first half of 2018 RWE decided to develop a new CR strategy. The previous strategy needed revision because of developments both in the company and in the external world, such as the stronger focus on lowering CO2. RWE has asked an agency to give support in the development of the new strategy. A large number of external stakeholders and relevant departments within the company were interviewed to find out what the focus points of the new strategy should be.**

**The new strategy is currently under development and will be presented early 2019.**

<sup>18</sup> For RWE's Code of Conduct, see: <http://www.rwe.com/web/cms/en/90780/suppliers/code-of-conduct/>

<sup>19</sup> For RWE 2017 Corporate Responsibility Report, see: <https://www.group.rwe/en/the-group/responsibility/cr-reporting>

### **Bettercoal and Individual actions**

Representatives of RWE meet up with representatives of coal producers independently of concrete supply relationships and whether they are in the focus of civil society in order to identify additional initiatives for generating positive development.

Colombian suppliers met energy companies in Germany and the Netherlands in March and October 2018. These are examples of more meetings and contacts with the relevant coal producers for RWE in Colombia. Regular discussions and reporting continued in the Netherlands on imported hard coal. Regular talks between companies such as RWE and (local) NGO's on developments concerning Colombia also took place in Germany.

As a founding member of Bettercoal, RWE believes the approach of continued improvement is the right way forward. We see a growing number of suppliers seeking alignment with Bettercoal, with the number of suppliers committing to the program growing steadily. Next to the obligations linked to the Bettercoal membership, RWE promotes Bettercoal in its contacts with suppliers.

### **External reporting**

The position of RWE with regard to responsible business conduct in the coal supply chain is reported in the annual CSR Report. The framework of the report is based on the principles of the Global Reporting Initiative. RWE publishes also the annual aggregated overview mines where the Covenant parties procure coal.





### General

In 2017, the Uniper Board has signed the HSSE & Sustainability Policy Statement (Health, Safety, Security, Environment), committing to the principles of the policy which include, among others: support for the principles of the United Nations Global Compact and other relevant internationally recognized standards regarding human rights; environmental protection; and good governance along our supply chain.<sup>20</sup>

In line with our Code of Conduct, we select our suppliers, service providers, and other business partners using a predetermined procedure and on the basis of objective and numerous criteria, including their integrity. Following a risk based approach updated in 2018, our Know-Your-Counterparty processes cover the legal and regulatory requirements related to international sanctions, connection to terrorism financing, money laundering and corruption.

To address the increasingly important issue of Environmental, Social and Governance (ESG) risk assessments along multinational enterprises' supply chains, Uniper has also designed a new process to enhance Uniper's risk identification, mitigation and monitoring capabilities. In addition to Bettercoal assessments, further key tools such as analysis software, new standard Human Rights and Sustainability clauses have been tested during negotiations with counterparties operating in developing countries and for other types of commodities.

This new ESG Due diligence process is aligned with the latest international standards. Notably, it follows the recommendations of the OECD Due Diligence Guidance for Responsible Business Conduct published in 2018. Uniper participated in the launch event in Paris in May. A pilot phase will be rolled-out in 2019 to assess whether further changes are needed.

### Bettercoal and Individual actions

For Uniper's coal suppliers, Bettercoal is the main source of information. The Bettercoal Assessments, as part of the whole Due Diligence Assessment process, help Contract Owners identify mitigation measures, while the Bettercoal Continuous Improvement Plans ensure a regular monitoring of the measures' effectiveness.

As part of our support to the UN 2030 Sustainable Development Agenda, particularly UN SDG 8 and 16, in 2018 Uniper publicly pledged to:

- Have zero tolerance of forced labor, child labor, modern slavery, and human trafficking.
- Continue to strengthen our compliance culture and protect the business from corruption risks.
- Foster the development of effective, accountable, and transparent institutions at all levels.

This is particularly relevant for the socioeconomic developments in Colombia. To support the fragile, but still ongoing Peace Process Uniper has, since 2017, played an active role in facilitating the dialogue between NGOs, Colombian mining companies and institutional stakeholders. In April 2018, Uniper took part in the set-up and execution of the Colombia Trip, when several high-level meetings were held with mining companies, the Dutch and German ambassadors, and representatives of the Colombian government involved in the Peace Process. In addition to this, Uniper, together with Vattenfall, met with some local communities to learn about their experiences and living conditions next to the mines. Eckhardt Rümmler, Chief Sustainability Officer and member of Uniper's Board of Management, also went to the César region for a site visit at Colombian National Resources (CNR) to get a clearer picture of standards in their mining activities and to discuss the process of becoming a Bettercoal Supplier.

<sup>20</sup> For Uniper's HSSE & Sustainability Policy Statement as well as Uniper's Code of Conduct, see: <https://cr.uniper.energy/en/governance-and-sustainability-management/overview/>



*“The trip to Colombia with the Bettercoal Delegation helped me to get a broader picture of the impact of coal mining and I see with great interest that addressing these issues result in actions of the mining companies. The contribution of mining companies to the peace building process is one of the identified necessities and key requirements. Bettercoal suppliers in Colombia recently participated in a dialogue between the oil&gas and mining trade associations with the leadership of Commission for the Clarification of Truth, Reconciliation and Non-Repetition.”*

*Frank Plümacher, Executive Vice President Sustainability & HSSE*

To support Bettercoal’s Secretariat in the assessment program and processes, a Uniper employee has been seconded for a period of two years, supporting the monitoring of the Suppliers’ Continuous Improvement Plans implementation. This is part of a more active engagement of Bettercoal Members into the organisation’s efforts.

Uniper also participated as an Observer in one of Bettercoals site assessment end of 2017 to get a clearer picture of mining standards in the US.

Uniper has held periodic discussions with several NGOs focused on ESG issues, particularly those relating to human rights along the coal supply chain. This group-wide campaign to meet, and engage with, relevant international NGOs and local groups active in Europe started in August 2017.

#### **External Reporting**

Uniper discloses the volumes of coal purchased annually for its own consumption, divided by country of origin, in its annual online sustainability report.<sup>21</sup> The company’s Supervisory Board receives updates on Uniper’s responsible coal procurement on a regular basis.

<sup>21</sup> For Uniper’s 2017 Sustainability Report, see: <https://cr.uniper.energy/en/business-integrity/>





# VATTENFALL

## General

Nuon/Vattenfall is governed by a number of policies to ensure the sustainability of its business operations. The Vattenfall Code of Conduct for Suppliers defines the basic requirements in the areas of human rights and working conditions, environment and business integrity that suppliers have to meet.<sup>22</sup>

The Vattenfall Code of Conduct for Suppliers is based on the UN Global Compact (of which Vattenfall is a signatory since 2008), the UN Guiding Principles, the OECD Guidelines as well as other international norms, conventions and guidelines in the area of sustainability. Nuon/Vattenfall expects its suppliers to implement the principles described in the Code of Conduct for Suppliers in their own business or to have at least equivalent standards adopted, and to conduct their business in accordance therewith. Nuon/Vattenfall continuously monitors compliance with the Code of Conduct for Suppliers, asking suppliers to provide relevant information and conducting audits and evaluations.

As part of Vattenfall's ambition to act sustainably and responsibly throughout the value chain, we are continuing our work with improving the sustainability performance of our suppliers. Through our supplier engagement strategy and sustainability assessments, we aim to deepen our knowledge of and influence in the supply chain and to strengthen relationships with our suppliers. Partnerships and cooperation with suppliers on sustainability-related challenges will enable significant risk mitigation, long-term cost reductions and increased profitability.

## Due Diligence Procedure on our coal suppliers

All suppliers are expected to comply with Vattenfall's Code of Conduct for Suppliers. Vattenfall purchases its hard coal directly from hard coal mining companies, from intermediary suppliers (i.e. companies that are not mine owners) and through trade on the spot market. Nuon/Vattenfall constantly strives to improve corporate responsibility in the hard coal supply chain.

Nuon/Vattenfall has implemented a risk screening process for direct coal suppliers to make a sound and fact-based decision on whether to buy coal from a supplier or not. A cross-functional Board (Responsible Sourcing Board, or RSB) within Nuon/Vattenfall decides whether or not to do business with a supplier

based on the evaluation of the screening or the results of Bettercoal assessments. The RSB meets monthly and consists of senior representatives of different departments such as Legal, Risk, Trading and Sustainability. In 2017 and 2018 (to-date), Nuon/Vattenfall discussed all current and potential future suppliers that have a direct relationship with one or multiple mines. These discussions were based mainly on Bettercoal site-assessments. These assessments did not lead to a decision to suspend the relationship with any of the suppliers, but areas of improvement were identified and followed up with suppliers, either directly or via Bettercoal. To support these efforts, Nuon/Vattenfall includes hard requirements into contracts with suppliers, in line with Bettercoal and the suppliers' specific continuous improvement plans.

When Nuon/Vattenfall sees the need for improvement at a supplier, the initial approach is to see whether, in cooperation, the supplier can improve the situation. Nuon/Vattenfall believes in the continuous improvement approach and does not support disengagement as a default strategy. Ultimately, the conclusion could be not to buy coal from a certain supplier until the situation has improved satisfactorily. As the global coal mining industry is a very diverse industry with issues varying per country, such a decision will always be made on a case-by-case basis. So far, the relationship with a coal supplier has been suspended once.

As part of our approach to supply chain responsibility and our screening process, we have ongoing dialogues with stakeholders about supply chain responsibility. As in previous years, Nuon/Vattenfall has regularly been in contact about developments in the coal supply chain with stakeholders such as politicians, ministries and embassies in our core countries as well as in Colombia (see below); international experts; national and international NGOs, also from coal exporting countries, including ActionAid, SOMO, PAX, CREER, Misereor, ForumSyd, Urgewald, Swedwatch, CENSAT; and representatives of local communities.

## Transparency on origin of hard coal used in power plants

In our push for more transparency in the coal supply chain, in July 2017 we published a full list of our direct coal suppliers.<sup>23</sup> The list comprises all mining companies from which we have directly sourced coal for our plants during the past three years. This list

<sup>22</sup> Vattenfall's Code of Conduct for Suppliers can be found here: [https://corporate.vattenfall.com/globalassets/corporate/about\\_vattenfall/suppliers/code\\_of\\_conduct\\_for\\_suppliers\\_EN.pdf](https://corporate.vattenfall.com/globalassets/corporate/about_vattenfall/suppliers/code_of_conduct_for_suppliers_EN.pdf)

<sup>23</sup> Vattenfall's direct suppliers 2015-2017 can be found here: [https://corporate.vattenfall.com/globalassets/corporate/sustainability/doc/origin\\_of\\_hard\\_coal\\_sept2018.pdf](https://corporate.vattenfall.com/globalassets/corporate/sustainability/doc/origin_of_hard_coal_sept2018.pdf)

was updated in 2018 and will be updated it on a yearly basis. The list does not comprise the coal that is sourced from intermediaries or indirectly through the trading platform GlobalCoal. The majority of Nuon/Vattenfall's hard coal deliveries is sourced directly. To our knowledge, this level of transparency is unique among energy companies and we hope this helps to address the questions our stakeholders have on coal supply chain transparency.

### Bettercoal

We are convinced that first and foremost it lies in our own responsibility as a company to have processes in place to source hard coal in a sustainable way. In that respect, Bettercoal is an important tool for us to fulfill this responsibility, rather than an organisation we want to hide behind. Nuon/Vattenfall has a seat on the board of Bettercoal and in the Technical & Advisory Committee, which also includes members of NGOs and unions.

Going forward, Nuon/Vattenfall will continue to cooperate with Bettercoal for further improvements. Two topics Nuon/Vattenfall would be in favor of would be increased transparency on the results of Bettercoal site-assessments to obtain confidence that suppliers are implementing the agreed Continuous Improvement Plans, as well as increased commitment from Bettercoal Members to buy coal coming from 'Bettercoal Suppliers'. We believe these aspects would increase the credibility of Bettercoal.

### Colombia

Nuon/Vattenfall is one of the European energy companies buying hard coal from Colombia and is strongly committed to use its commercial leverage to push mining companies to improve the situation at the mines. During the past few years, Nuon/Vattenfall has intensified its work to influence the development of human rights in the country. In 2016, Nuon/Vattenfall implemented additional requirements for Colombian suppliers. Nuon/Vattenfall requires that Colombian suppliers support the Colombian government in its efforts for reconciliation for victims of past human rights violations. Therefore Nuon/Vattenfall has stated

that, as a minimal requirement, the 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. Nuon/Vattenfall does not engage in a direct sourcing relationship with companies operating in the region that have not met these minimal requirements.

In November 2017, Vattenfall presented a report on Human Rights Risk in our Colombian Coal supply chain. This report was a result of 14-month process of preparation, research, country visit, fact checking and stakeholder consultation. The production of the report enabled us to gain a much deeper understanding of the Colombian context than we ever had before. But more importantly, it serves as a starting point for further constructive discussions with mining companies and other stakeholders. During the first quarter of 2018, we aligned these efforts with Bettercoal which resulted in, amongst others, a joint follow up visit with Bettercoal member companies (Engie, RWE and Uniper) to Colombia in April 2018 (see above). One thing that we sensed when talking to stakeholders in Colombia was that people very much appreciated our follow-up visit as a sign of continuous engagement and genuine interest to contribute to improvements.

Nuon/Vattenfall has committed to providing external bi-annual updates on progress, and in July 2018 we published the first update on our website. As part of our next steps we will continue the dialogue with the mining companies to have action plans in place on our recommendations and discuss progress going forward. Our next bi-annual update is scheduled for January 2019.

### External reporting

Nuon/Vattenfall publishes information about its activities and efforts in the field of supply chain responsibility in the coal supply chain on its website. Nuon/Vattenfall also presents information on CSR and the coal supply chain in the Vattenfall Annual and Sustainability Report 2017, and other annual reports.<sup>24</sup>



<sup>24</sup> Vattenfall's Sustainability Report 2017 can be found here: [https://corporate.vattenfall.com/globalassets/corporate/investors/annual\\_reports/2018/vattenfall\\_annual\\_and\\_sustainability\\_report\\_2017\\_eng.pdf](https://corporate.vattenfall.com/globalassets/corporate/investors/annual_reports/2018/vattenfall_annual_and_sustainability_report_2017_eng.pdf)



