

Participatory Monitoring of Coal Mining in Colombia

Report regarding results on the Just Energy Transition component



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0. Introduction

Colombia's coal production declined substantially after the COVID-19 pandemic, with a reduction of approximately 34 million tonnes. This decline further escalated by the withdrawal of mining titles at the La Jagua and Calenturitas mines by Glencore's subsidiary Prodeco, leading to a further drop of 19 million tonnes. For coal market investors, understanding these dynamics is crucial, especially in the context of the ongoing energy transition and the principles of Social Enterprise Responsibility (SER).

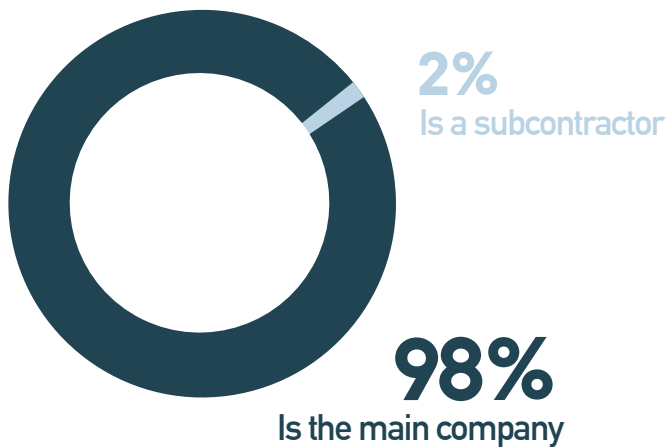
The impact of these events in Colombia's northern region, affecting over five thousand families, underscores the broader social and economic challenges inherent to the sector. This situation highlights the need for investors to understand and be aware of the Responsible Business Conduct (RBC) aspects of their investment decisions. This is because the decisions made (such as the arbitrary termination of contracts without union consultation) impact not only the workers but also the regional economy, which reflects the importance of responsible and ethical investment practices.

In light of these challenges, CNV Internationaal conducted a Participatory Digital Monitoring process in March and April 2022, aiming to document workers' perspectives on the energy transition within the coal sector. This effort, which included responses from 128 workers from key companies like Carbones el Cerrejón, Drummond LTDA and Prodeco in the departments of Cesar, La Guajira and Magdalena, provides valuable insights. These insights are critical for investors to understand the realities of the energy transition and the importance of RBC in ensuring a sustainable and equitable shift within the coal sector. Such awareness is essential for informed investment decisions in a time of significant transformation in the energy landscape.

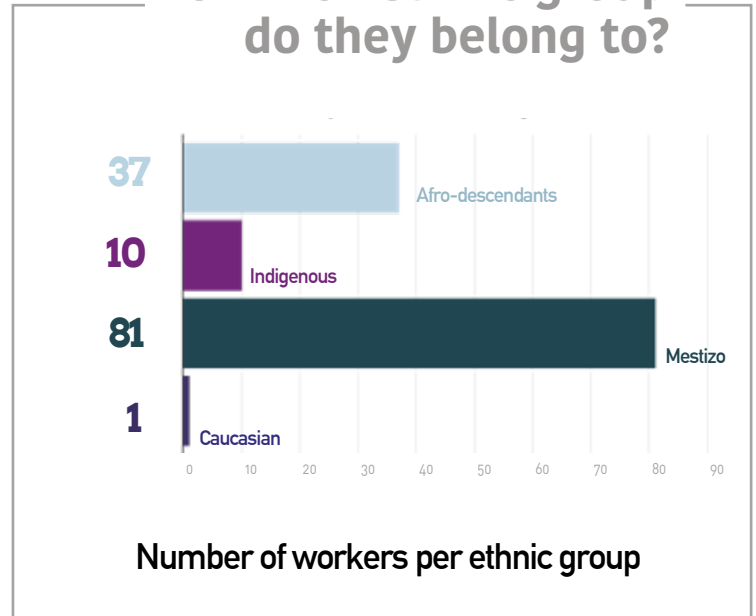
1

Characteristics of the participants

The company they work for...

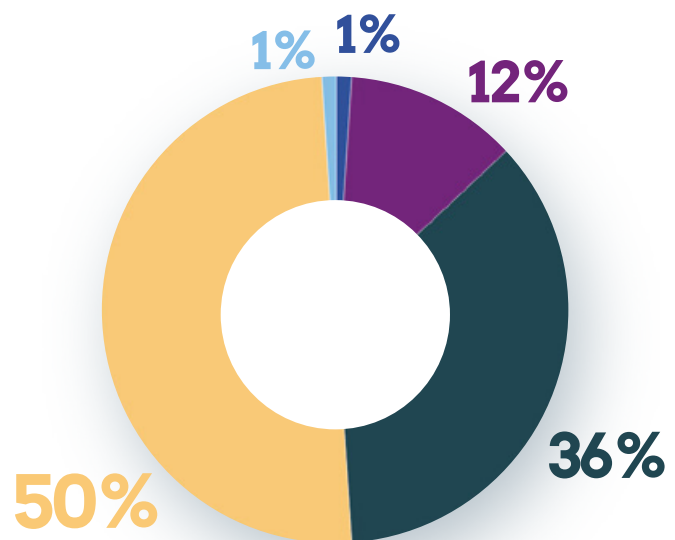


To which ethnic group do they belong to?

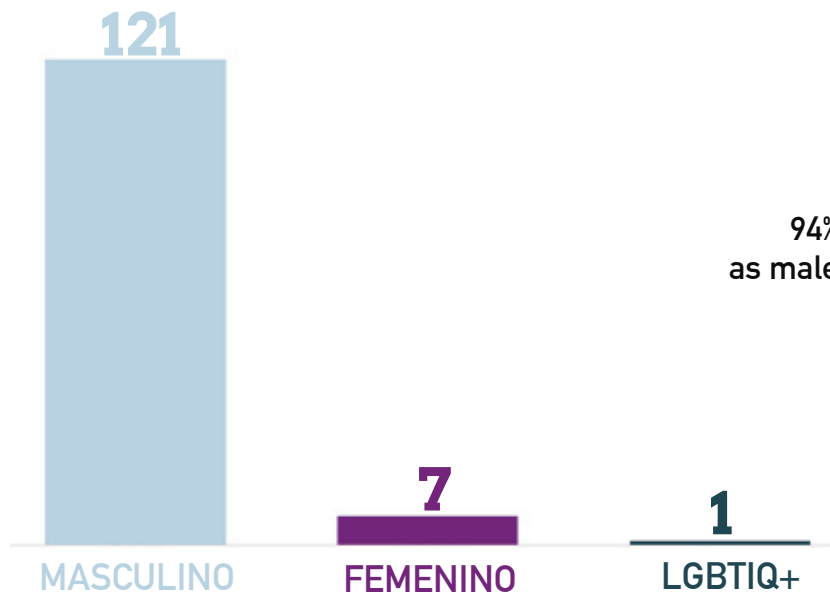


Age range:

- Between 18 and 25 years old
- Between 26 and 34 years old
- Between 35 and 44 years old
- Between 45 and 59 years old
- 60 years and over



Which gender do they identify with?

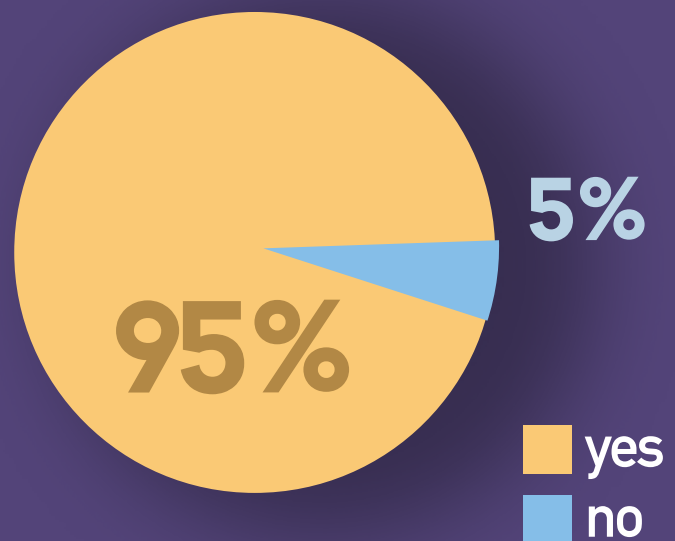


94% of the workers identify themselves as male, 5% as female and 1% as LGTBQ+

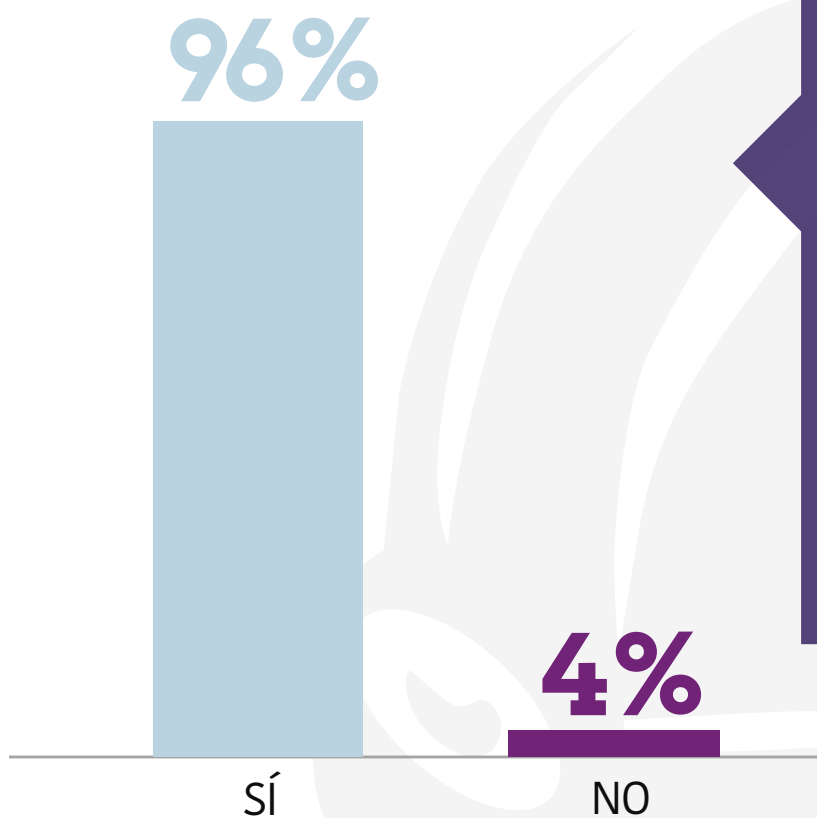
2. Findings on energy transition

Do you believe that trade unions and workers should have a say in the economic future of the departments?

According to participatory monitoring carried out by CNV Internationaal, an average of 95% of miners surveyed in Cesar, La Guajira and Magdalena believe that the voice of trade unions and workers must be heard in order to discuss the economic future of the region.



Do they think that the Colombian National Apprenticeship Service (SENA) should collaborate with trade unions to tailor educational programs in the Departments of Cesar, La Guajira and Magdalena?

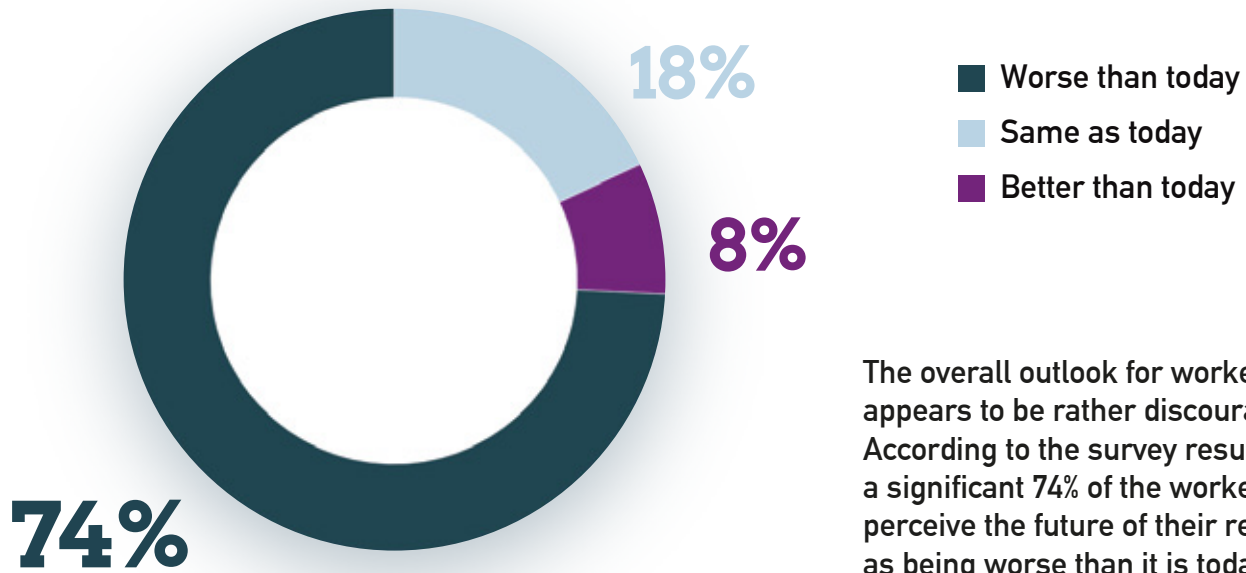


For the Collective of Workers for a Just Transition, it is important that institutions like SENA to get involved in the energy transition and adapt workforce training to meet new needs.

Furthermore, CNV Internationaal participatory monitoring reveals that an overwhelming 96% of surveyed workers agree that SENA should work together with regional trade unions to align educational offerings with the evolving labour market in these departments.

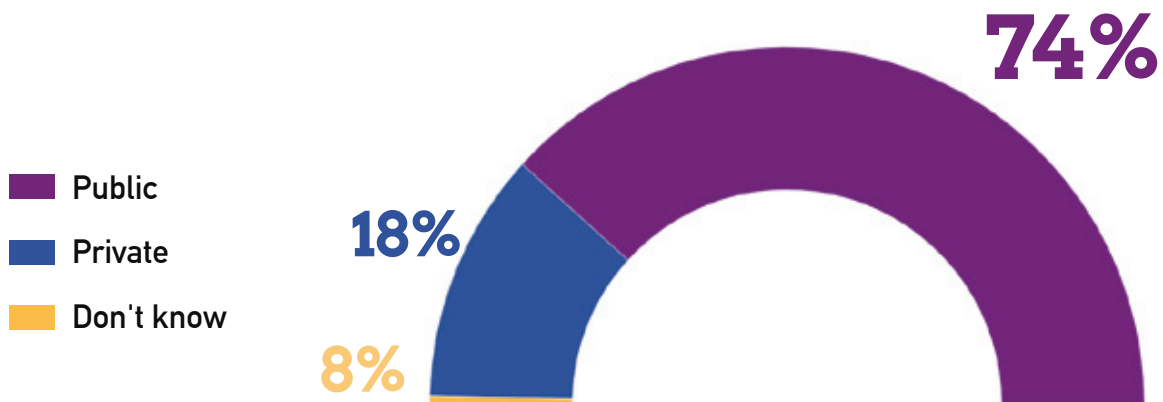


How do they perceive the future of the region where they work?



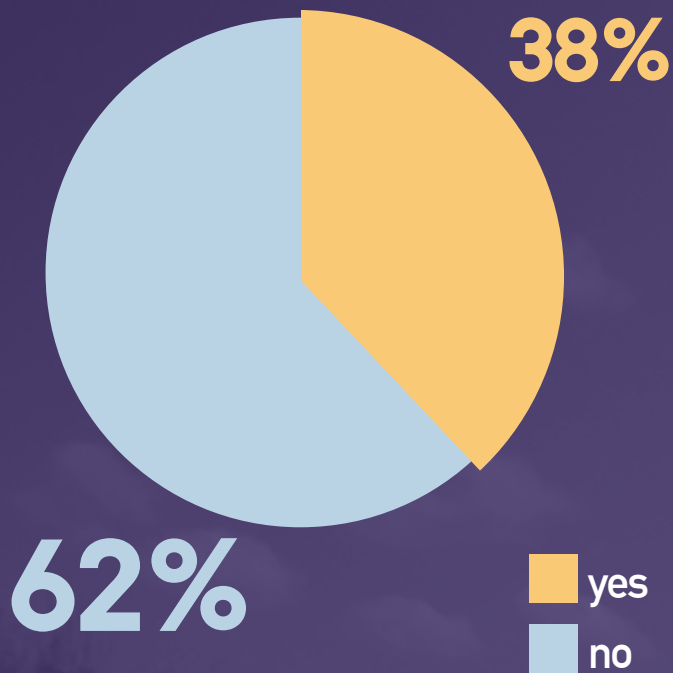
The overall outlook for workers appears to be rather discouraging. According to the survey results, a significant 74% of the workers perceive the future of their region as being worse than it is today.

Which pension scheme are they a member of ?



Understanding the type of pension scheme coal miners have is crucial in developing an energy transition plan. If the scheme is public, it makes coordinating with the national government easier, especially when it comes to implementing early pension schemes for workers who cannot be retrained. Among 128 workers from Drummond LTDA, Carbones el Cerrejón and Prodeco, who responded to the question, "Which pension scheme are you a member of?", 77% indicated they were part of a public pension scheme, while the remaining 22% were members of private schemes.

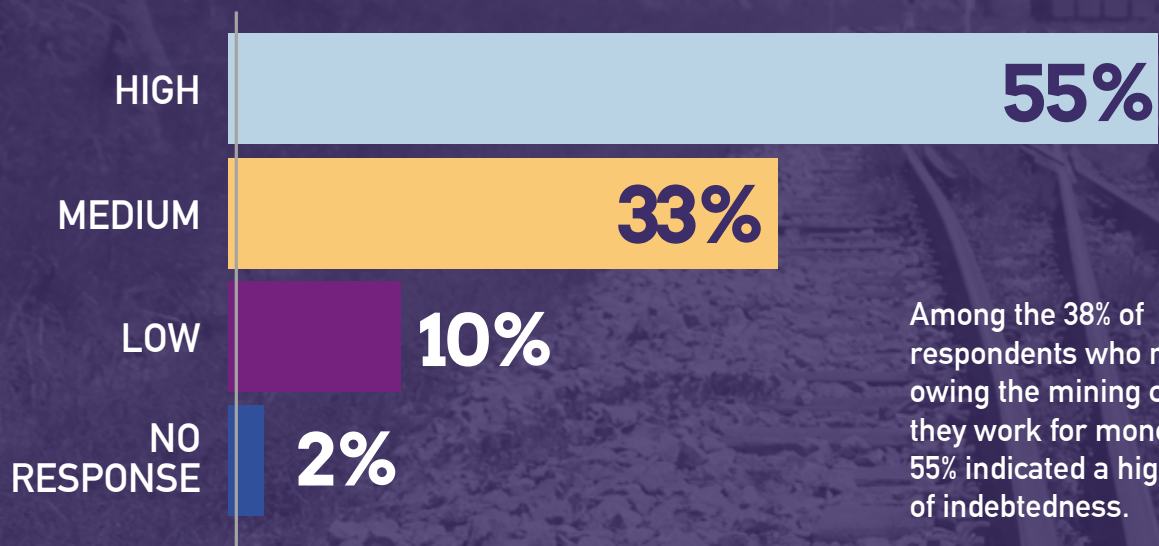
Do they have financial debts with the company they work for?



Debts with the employer can compel miners to continue carrying out their daily tasks, even if the circumstances they work in would otherwise call for collective action, particularly when addressing issues like the company's transition plan.

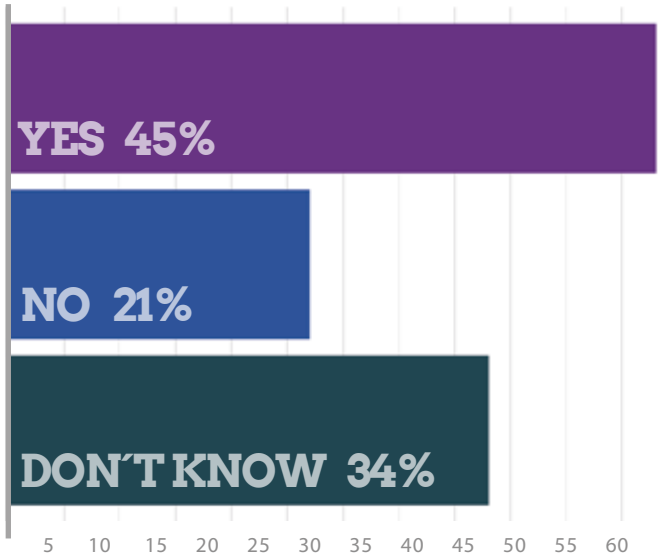
According to survey results, among 128 workers from Drummond LTDA, Carbones el Cerrejón and Prodeco who responded to this question, 38% indicated that they have financial debts with the company they work for.

How high in debt are they?



Among the 38% of respondents who reported owing the mining company they work for money, 55% indicated a high level of indebtedness.

Does their employer have a mine closure plan?



Having a mine closure plan in place not only represents a political will to contribute to reducing CO2 emissions on a global scale, but is also a tool to mitigate the impacts that the cessation of operations has on the regions where coal is mined.



According to Colombian law, specifically under Law 685 of the Mining Code, initiating any exploitation process requires a mine closure plan. However, from a survey of 128 workers, only 45% were aware of the existence of such a document at their company. In contrast, 55% either stated that their companies did not have a mine closure plan or they were unaware of one.

Notably, awareness about these plans increased after Prodeco ceased operations. Many workers, previously uninformed about their company's mine closure plan, became aware of its existence. Following the Prodeco incident, the mining trade union movement, including groups like the Workers' Collective for a Just Transition, has brought attention to the issue of mine closure plans, particularly focusing on the lack of consultation with workers regarding their implementation.

Are the workers aware of their company's mine closure plan?

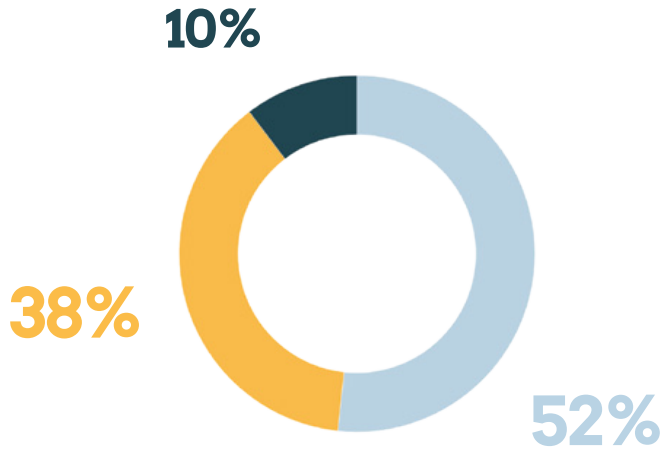
Awareness among coal sector workers of the company's mine closure plan is essential for collaboratively managing the cessation of mine operations. Such awareness facilitates tripartite dialogues (involving companies, the government and the workers) in different countries, making the transition process fairer. Of the 45% of the workers who acknowledge the existence of a mine closure plan, 67% are not familiar with the details of the document.

In relation to the Prodeco mines, a mine closure plan had already been approved by the National Environmental Licensing Authority. In 2016, the Ministry of Environment sanctioned the mine closure plan for the Calenturitas mine (planned for 2028) and for the La Jagua mine (planned for 2032). Originally, the implementation of the mine closure plan was scheduled to begin in 2020. However, it was during this year that Prodeco opted to relinquish its mining titles.



This mine closure plan failed to quantify the restoration area of the impacted zone, including the affected rivers from these two mines. As a result, it overlooked the economic and ecological restoration necessary for the territory.

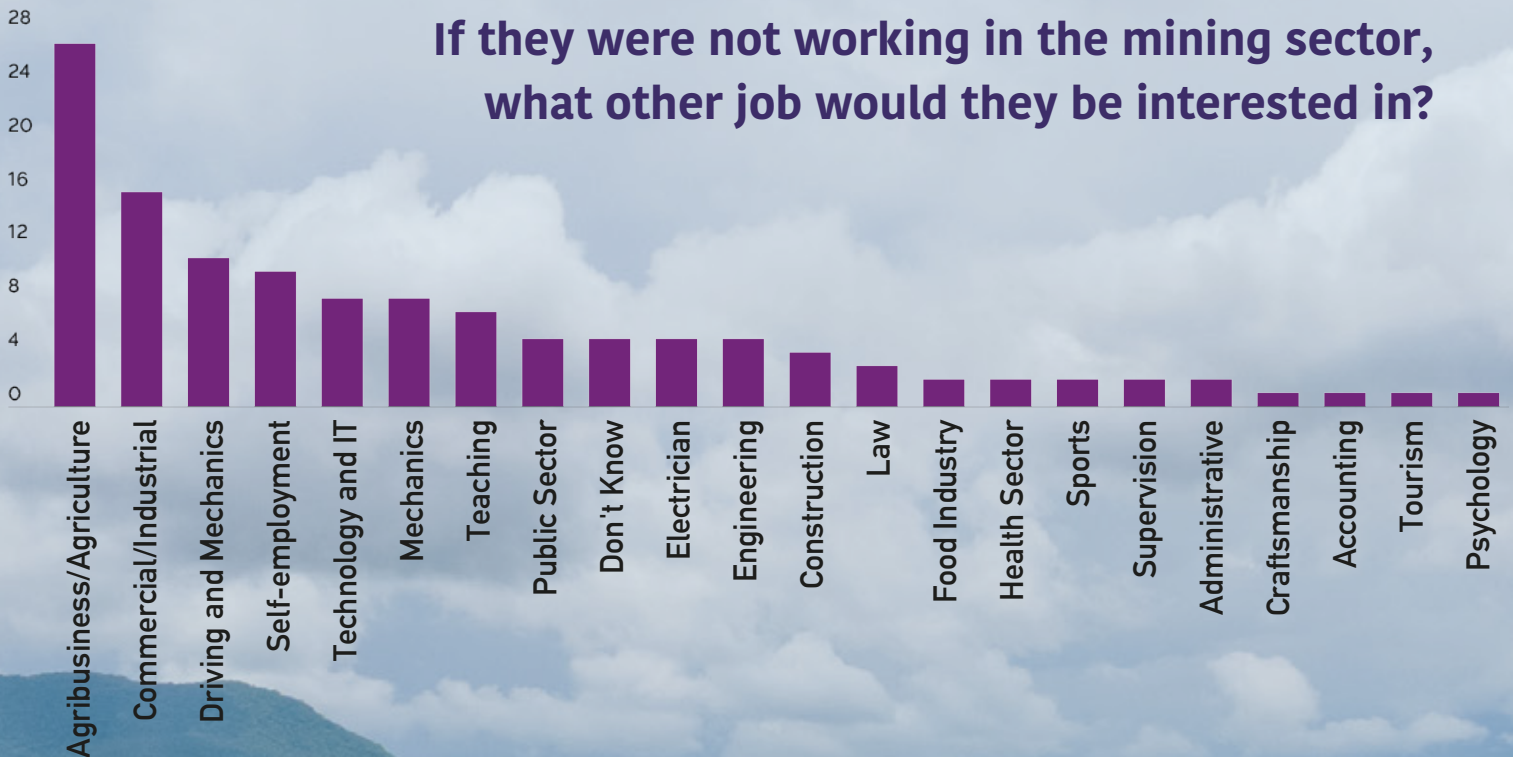
Are they aware of union participation in developing the company's mine closure plan?



YES	6 workers
NO	30 workers
DON'T KNOW	22 workers

Among the 58 workers who acknowledge the existence of a mine closure plan at the company they work for, only 10% (6 workers) report that trade unions were involved in the plan's development.

If they were not working in the mining sector, what other job would they be interested in?



A key element of a just transition is the economic diversification of the region. Therefore, understanding the vocational interests of the miners is crucial. This knowledge, combined with the industrial and economic potential of the region, can guide the development of an investment programme across various productive sectors, aimed at mitigating the impact of coal mining companies exiting the region.

According to the survey, the commercial/industrial and agricultural sectors are prominent among the employment preferences of the workers, with 13% and 21% interest, respectively. Notably, agriculture was explicitly mentioned as an option in the survey question. However, trade union leaders clarified upon reviewing the data that workers' interest in agriculture is not about reverting to pre-extractive multinational economies. Instead, it signifies a shift towards agribusiness, which involves larger scale production for regional economic growth.

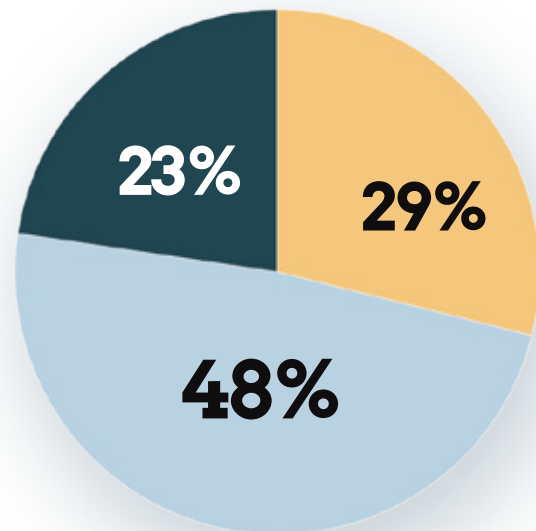
Does the company they work for offer training in various areas?

Offering training courses across different areas is crucial for companies to enhance their employees' productive capabilities.

This approach facilitates internal relocation processes, helping to avoid large-scale, abrupt layoffs that can negatively impact the regions affected by closures.

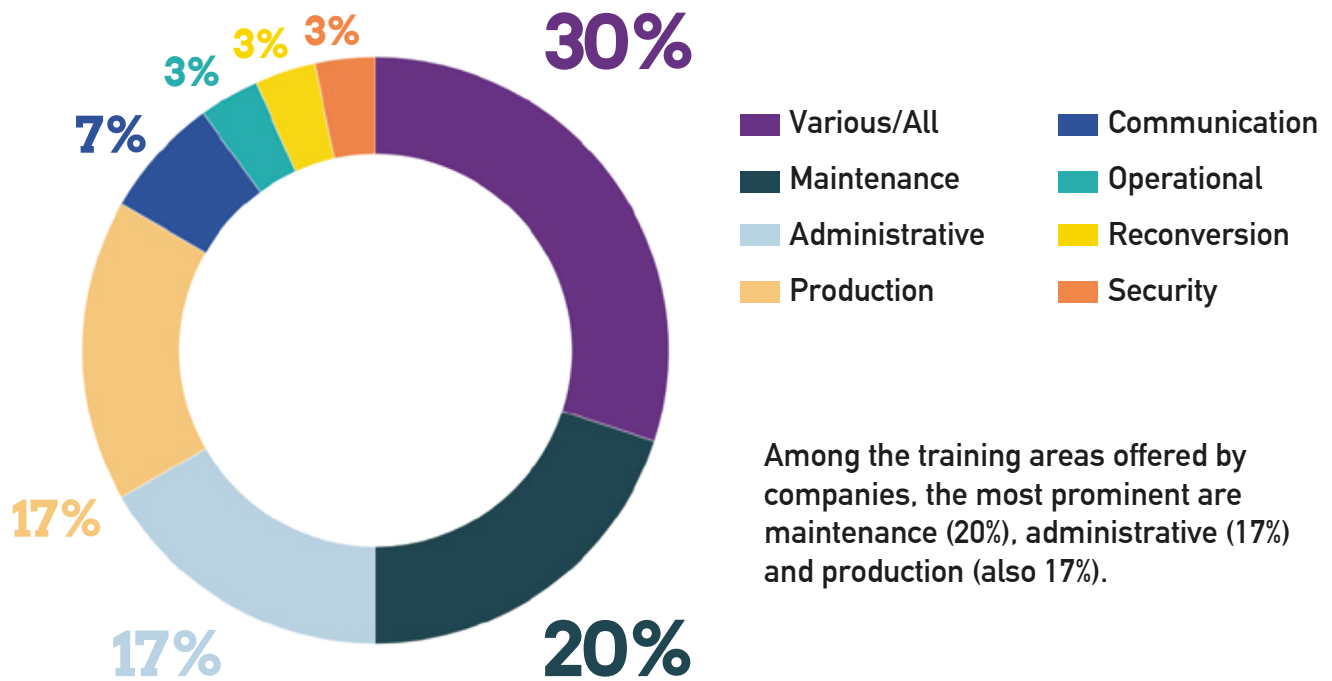
Among the workers from Drummond LTDA, Carbones el Cerrejón and Prodeco who participated in the survey, 71% indicated that the company either does not offer training courses in various areas or they aren't aware of any.

Work trainings

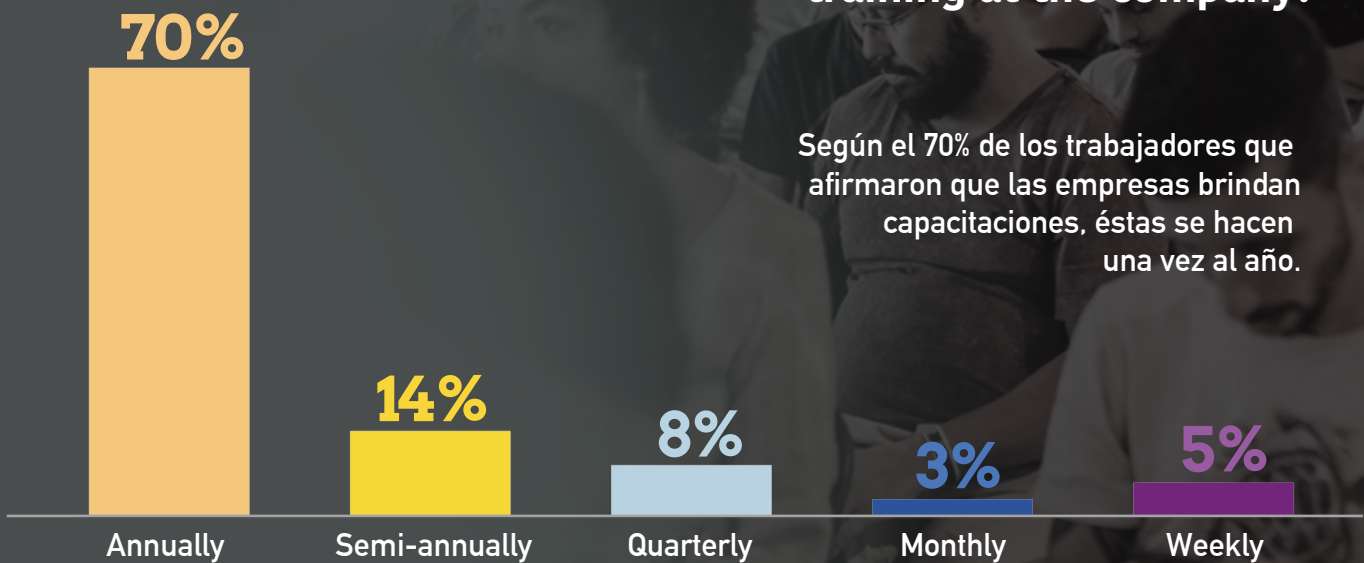


■ YES ■ NO ■ DON'T KNOW

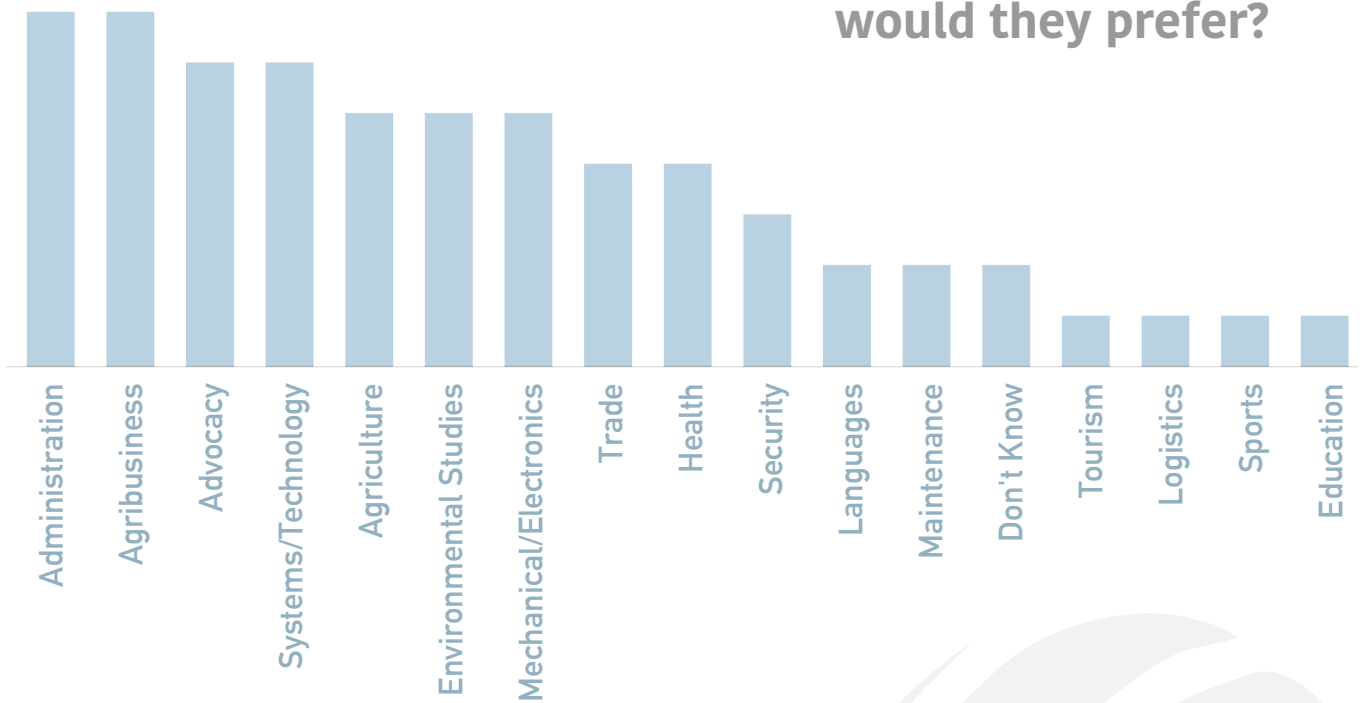
In which areas are the trainings focused on?



How often do they receive job training at the company?



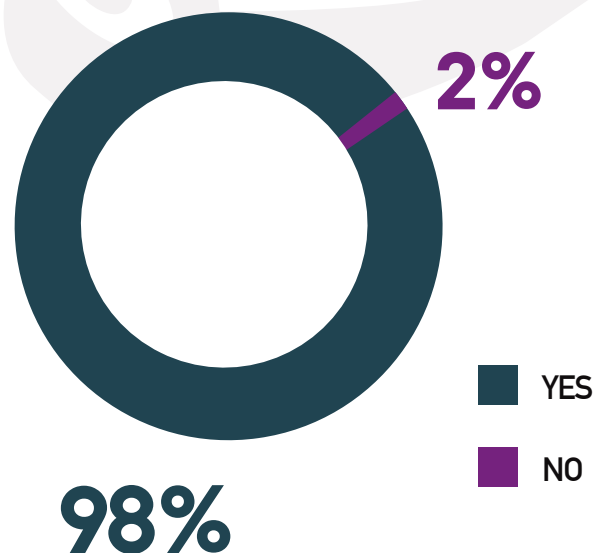
If they could choose a topic for a training programme, which one would they prefer?



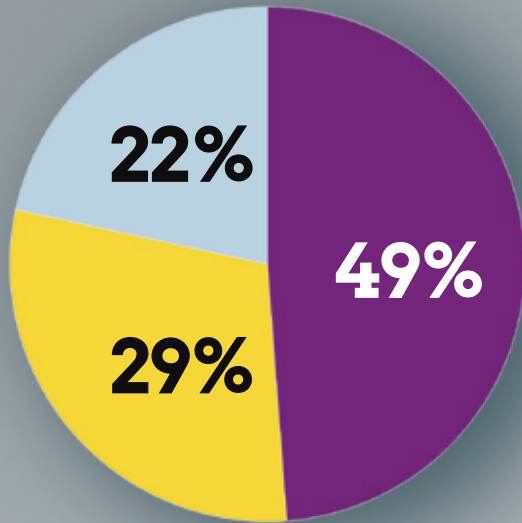
Workers showed a preference for training in productive areas such as agribusiness, administration, advocacy, mechanics, environment and agriculture. This may be related to previous contact with these areas in their work. An interest to the agribusiness, agriculture and the environment could be attributed to the natural alignment of these sectors with the region's vocational and territorial characteristics.

Do they believe that a fund should be created with the support of businesses and the government, to leverage a sustainable future in the regions of Cesar, La Guajira and Magdalena?

An Energy Transition Fund is considered a crucial pillar for ensuring a fair transition process. Workers in the coal sector overwhelmingly recognise its importance, with 98% advocating that this fund should be financed jointly by the government and coal companies.



What do they consider the primary vocation of the region where they currently live?



- Mining
- Agriculture
- Tourism

Remember that coal mining was established around four decades ago in Northern Colombia, creating an enclave economy. This industry supplanted other pre-existing sectors in the region, such as traditional agriculture.

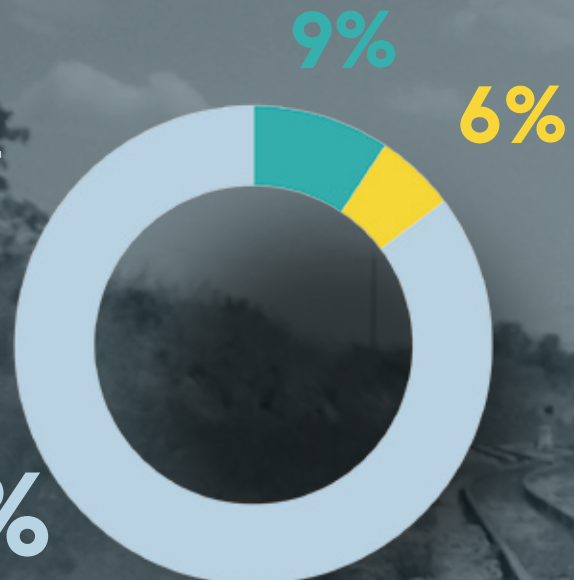
Reflecting this change, 29% of the workers identify agriculture as the primary vocation of their land, while 22% see tourism as the preferred economic activity.

In the government plan of President Gustavo Petro and Vice-President Francia Marquez, community-based tourism is emphasised as a potential avenue for national economic diversification.

In the event of new coal exploration operators entering the region, it's imperative that they include a labour chapter in collaboration with:

- UNIONS
- THE GOVERNMENT
- NATIONAL COMPANIES

85%



Coal workers recognise the significance of their involvement in the integration of new operators in the region. A substantial 85% of surveyed workers believe that these companies should create a labour chapter in conjunction with trade unions.

Furthermore, when asked about additional stakeholders, they emphasised the inclusion of local communities, national companies and the government, advocating for a tripartite approach to ensure fair practices by these new entities.



Do they believe that a special Social Protection Fund should be set up for discharged miners as a result of the future closure of mines?

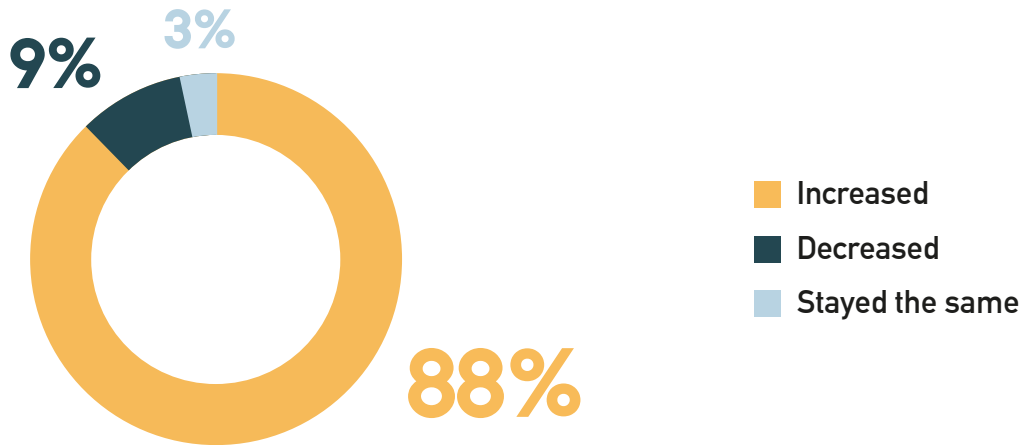
A Special Social Protection Fund is not only essential for safeguarding miners in the region during the energy transition, but it's also crucial for lessening the economic impact caused by the cessation of mining operations and the subsequent departure of coal multinationals.

Unanimously, 100% of the workers surveyed from Drummond LTDA, Carbones el Cerrejón, and Prodeco agreed on the necessity of creating such a fund for miners facing redundancy as a result of upcoming mine closures.

100%

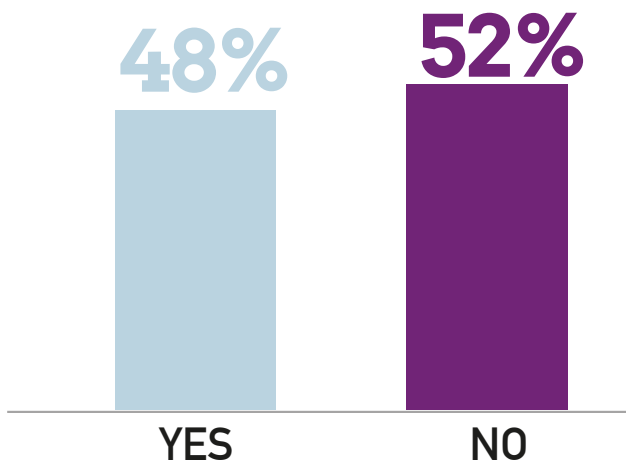
YES

Outsourcing at the company has...



Outsourcing, often viewed as an anti-union practice by companies, also serves as a means for multinationals to distance themselves from contractual obligations to direct employees, particularly during the cessation of operations. Based on the responses of 128 surveyed workers, 88% believe that outsourcing has been on the rise over the years.

Does the company they work for adhere to all environmental management protocols?



Determining whether companies not only implement environmental management protocols as well as the effectiveness of these measures in reducing environmental and community harm, requires a comprehensive study on the impact of mining activities on local biodiversity.

It is concerning that over half of the surveyed workers report that their employers do not fully comply with environmental management protocols.

3 Conclusion

The analysis on coal mining companies' plans and protocols and the effect thereof is crucial for the investors who are committed to corporate social responsibility and concerned about the rights of the workers in their supply chain.

This analysis reveals that workers' perceptions of their region's future tend to be negative compared to the current situation. This sentiment is likely linked to uncertainty stemming from a lack of clearly communicated mine closure plans amidst the energy transition. Notably, while some companies lack a gradual mine closure plan, only a mere 17% of the 33% who confirmed the existence of such a document stated it had been shared with employees, and only 10% of this group reported union involvement in its creation.

The survey also highlights other challenges in ensuring a fair energy transition. More than half of the workers with a debt with the companies they work for feel the companies' bargaining power. Strikes, for examples, has dropped because of this. While not all workers have a debt, a significant portion of those who are, report high levels of debt. This, coupled with the increasing trend of outsourcing in coal companies, holds workers back from demanding a just transition plan.

Another critical issue is the responsibility of companies regarding environmental liabilities and the effectiveness of their environmental protocols. Over half of the surveyed workers claim these protocols are not being followed.

For a just transition, broad dialogue is essential, involving solutions from companies and the government to lessen the impact of mining operations ceasing on the regional economy. Elements like early pension schemes, diverse training opportunities and job reconversion should be considered. The survey by CNV Internationaal shows that 77% of respondents belong to a public pension scheme, highlighting the government's role in facilitating early pensions for workers not yet eligible for retirement.

The government's responsibility extends to workforce reconversion. An educational entity should provide training in technical professions, promoting economic diversification in the region. A staggering 96% of the workers agree that SENA should align educational offerings with regional union demands.



While many prefer commercial, industrial and agricultural work, the most favoured training topics include agriculture, administration, systems, rights advocacy, mechanics, environment and agriculture. This preference is linked to workers' prior experiences and the region's vocational-territorial relationship.

However, 71% of the workers report that their companies do not offer diverse training, with maintenance, administration and production being the primary focus areas, usually offered annually. As for the land's vocation where workers reside, while half see mining as the main activity, the rest view agriculture and tourism as preferable.

Mining, introduced as an enclave activity about 40 years ago, replaced the region's predominant agriculture. With proper development and community involvement, tourism could strengthen the economy from a different angle.

The uncertainty about workers' futures post-mine closures is a significant concern in the energy transition. All surveyed workers agree on the need for a special Social Protection Fund for miners losing jobs due to closures.

If new coal exploration operators enter the region, about 85% of the workers believe these companies should include a labour chapter built with unions.

They also emphasise the inclusion of communities, national companies and the government for a fair approach by these new entities.

Financing the transition costs should involve creating a fund to foster a sustainable future in the current coal regions. As many as 98% of the workers believe both the government and companies should head this fund's creation.

In conclusion, workers recognise the importance of their voice in shaping the economic future of their regions. A significant 95% believe that the voices of unions and coal sector workers must be heard for a viable economic future, reflecting the coal industry's dominance in the territories they work in.

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