

T R A N S L A T I O N

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Ministry of Foreign Affairs

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CER - Responsible Business Conduct

FOLLOW-UP REPORT No. 2

Teck and Quebrada Blanca Union (2017)

December 2, 2022

Chilean National Contact Point, Responsible Conduct Division,
Undersecretariat of International Economic Affairs

Chilean Government

Undersecretariat of International Economic Affairs

CER - Responsible Business Conduct

National Contact Point before the OECD

SECOND FOLLOW-UP REPORT

Teck and Quebrada Blanca Union

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I. INTRODUCTION

1. The Chilean National Contact Point (NCP) before the Organization for Economic Cooperation and Development (OECD) for the OECD Guidelines for Multinational Enterprises (hereinafter "Guidelines") housed in the Responsible Business Conduct Division of the Undersecretariat of International Economic Affairs, does hereby issue this second *follow-up report* on the "Teck & Quebrada Blanca Union" *specific instance*.

2. On October 21, 2020 the NCP conveyed its first follow-up report on the commitments made under the agreement established in the Specific Instance Final Declaration between Teck Resources Chile Limitada (Teck) and "*Sindicato Quebrada Blanca*" Union. In such declaration, a 2nd follow-up report by the NCP was scheduled for March 2021. After several requests for postponement, Teck submitted its second report on November 15, 2021 while the Union did it on April 25, 2022.

3. Several meetings were held separately with the parties in order to better understand the contents of their reports. At the bilateral meetings between the NCP and the Union, based on the second report, the Union informed of new issues with the

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enterprise after the Mediation Agreement was entered into. It must be noted that said issues are beyond the commitments made in the specific instance and, therefore, beyond the NCP's sphere of competence.

4. This second follow-up report closes the follow-up stage of this specific instance before the NCP. However, complainants may file another complaint for review before the NCP in respect of new events, if deemed appropriate.

II. UNION'S REPORT SUMMARY

5. On April 25, 2022, the Union submitted a second report on the implementation of the commitments under the Mediation Agreement, supplemented by bilateral meetings with the NCP's Secretariat. A summary of the allegations by the Union in respect of the issues in the said Agreement follows hereinbelow.

6. In respect of "Communications", the Union stated:

1. Cooperation meetings have been monthly held. However, issues not always have been ideally settled or responded. Some of them have persisted for a long time, no person being appointed to resolve it.

2. Continuance of four-month presentations. However, in the Union's opinion, the time to make questions at the end of each presentation is too short.

7. In respect of "Transition to QB2", the Union stated:

Applications to QB2 project by workers member of the Union have been blocked.

8. In respect of "Transparency and Union Balance", the Union stated:

Differences exist between the unions. Besides

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applications to the QB2 project being blocked, it affirms the existence of differences between benefits and a larger number of workers dismissed unilaterally by Teck that are members of the Union.

9. In respect of "Safety and Environment", the Union stated :

1. Violations have been made to the Environmental Assessment Resolution that have had an impact on the flora and fauna which led to eight charges filled against Teck by the *Superintendencia del Medio Ambiente (SMA)*¹.
2. Several objections have been made as regards the environmental conduct of the Enterprise, including poor effectiveness control of a contingency plan, poor ditch maintenance, etc.
3. Within the context of the pandemic, the enterprise would not have obeyed the Covid-19 protocols, as buses which transported them were 100% occupied, without respecting the required physical distance.
4. Contractors' workers removing hazardous wastes would lack the basic personal protection elements.

III. TECK'S REPORT SUMMARY

10. On November 15, 2021, Teck submitted its second report on the implementation of commitments under the Mediation Agreement, supplemented by a bilateral meeting held with the NCP Secretariat and subsequent written comments. Here below a summary of the allegations by Teck on the issues

¹ <https://snifa.sma.gob.cl/Sancionatorio/Ficha/2847>

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contained in such Agreement.

11. As for "Communications", Teck stated:

1. Monthly meetings between the Labor Relations area and the Union would have been held, as agreed. At said meetings, union leaders raise their comments in a written record, which is reviewed during the meeting. Responses are given and commitments made, if necessary. Commitments are recorded for analysis and follow-up.
2. Four-month presentations were maintained and mailboxes installed for workers to make any inquiries.
3. In August 2021, workers were trained on labor and sexual harassment. Additionally, a course was offered on "Respect at the Workplace" and, of labor and sexual harassment. This issue was included in the "Onboarding" course given to new workers.

12. As for "QB2 Transition", Teck stated:

1. A presentation would be made to union leaders on the development and transition to QB2. Dates would be appointed, applications received from workers to select the staff and fill positions.
2. The QB2 transition plan was further discussed at the four-month presentations with the General Manager's Office. The current Quebrada Blanca (QB) situation is reported, as well advances in project and its construction and key aspects on the operational and personnel transition process.

13. As for "Transparency and Union Balance", Teck stated:

1. During onboarding processes, new QB workers are informed by Labor Relations of the team's duties and provided a background on each union. The several

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collective bargaining agreements are also explained.

2. Teck would not take part in new union leaders' elections nor take any step that may have any relation with the union, thus promoting permanent union freedom.
3. Teck would support coordination of needs of union leaders in order to hold on-site assemblies. Teck would provide logistical support, transportation and reserve rooms for such assemblies.
4. In respect of differences between unions, they are due to the collective bargaining processes negotiated by each organization with the enterprise. Unions represent the specific interests of their members, which differ from each other. Teck does not make arbitrary differences.

14. As for "Safety and the Environment", Teck stated:

1. In connection with COVID, periodical reports and weekly contagious communiqués would be weekly sent to the Union leaders.
2. A presentation would be made to the Environmental area with the attendance of the Union leaders and then such presentation would be sent to them.
3. A presentation would be made on activities by the Risk Prevention area with the attendance of Union leaders and then such presentation would be sent to them.

IV. ASSESSMENT, FEEDBACK AND RECOMMENDATIONS BY THE NCP.

15. The NCP highly appreciates the openness to dialogue showed by both parties and the delivery of both reports. However, the NCP expresses its concern for the considerable

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differences existing between both reports as regards the progress made in the implementation of the Mediation Agreement. Additionally, the Union raised new issues - not included in the agreement - which, therefore, are beyond the scope of this follow-up.

16. After this process and in order to increase effectiveness in fulfilling commitments, the NCP provides feedback and recommendations per issue covered in this agreement.

17. "As for Communications", it is hereby recommended:

1. To keep monthly meetings between the Union and Labor Relations. It is proposed that minutes are drafted containing specific information, including commitments, identification of persons in charge and terms, so as to promote effective progress. Such minutes must be approved by both parties.

2. To keep four-month meetings between the Union and the General Manager. It is recommended that said meetings incorporate union leaders and workers. It is desirable to have a time for inquiries at the end of the presentation.

3. Besides the foregoing meetings, Teck must afford priority to mechanisms guaranteeing a meaningful engagement of unions and workers. This is, to open spaces for bidirectional, continuous, good-faith and receptive dialogue.

4. To provide periodical training to workers and senior officers on labor and sexual harassment and establish adequate complaint and case resolution mechanisms. Teck is also suggested to measure the satisfaction of workers and senior officers at training activities and

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mechanisms implemented.

18. As for "QB2 Transition", Teck is recommended:

1. To continue to share the planning, future application processes and other details about the transition process. This information would be provided to workers' representatives reasonably in advance and before final decisions being made.²
2. To implement significant dialogue with workers and their representatives in respect of the transition process, including the possibility that workers ask for this dialogue at any time of the process.

19. As for "Transparency and Union Balance", Teck is recommended:

1. To refrain from intervening, in any way, in the election of union leaders and continue to assist and support the logistical and coordination needs of unions for their assemblies, activities and elections.
2. To listen to Union's declarations on treatment differences with Teck's other enterprise's unions, explain the reasons for such differences and guarantee a non-discriminatory³, transparent treatment in order to build confidence between them.

20. As for "Safety and the Environment", Teck is recommended:

1. To implement and/or maintain safety, occupational health and environmental protection measures that may be advisable⁴ and appropriately inform them.

² OECD (2013), OECD Guidelines for Multinational Companies, Chapter V. "Employment and Industrial Relations", recommendation No.2 b) and 6, OECD Publishing. Available at the following link.

³Idem, Chapter V. "Employment and Industrial Relations", recommendations 1(a) and (e).

⁴ Idem, Chapter VI. "Environment", recommendations 1(c) and 2(a).

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2. Without prejudice to the powers of the relevant Joint Committee, to hold briefing and consultation meetings on the issues referred to above which incorporate persons responsible for actions to be performed, specific advances, measures taken and workers' inquiries. To draw minutes of the issues dealt with during such meetings for approval by both parties.
 3. As for the inquiries by the Union on negative impact on the environment, to keep a transparent, constructive dialogue allowing responding to concerns submitted.
 4. As for infringements reported about the RCA and considering that transparency is a key element to building confidence and constructive relations, to make a report on the procedure status and Compliance Plan upon approval by the SMA.
21. Generally, Teck is recommended:
1. To always afford priority to due diligence processes based on corporate management risks, as recommended by the Guidelines and OECD Due Diligence Guidance for Responsible Business Conduct.
 2. To promote meaningful stakeholder engagement, including workers and unions, i.e. a bidirectional, good faith, problem-solving and continuous participation. Finally, it must be noted that meaningful engagement is a key element of the due diligence process, which contributes to timely identify impacts, solutions and monitor implemented plans. Meaningful engagement facilitates decision-making by the enterprise bearing in mind the way such decisions affect stakeholders, including

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workers and unions.⁵⁶

SPECIFIC INSTANCE CONCLUSION

22. The NCP expresses its concern about the considerable differences in the submissions by both parties about compliance with the Mediation Agreement and the identification of new issues that may hinder the relationship between the parties. Therefore, emphasis shall be placed on transparency, good faith and meaningful stakeholder engagement.
23. The NCP does hereby conclude the specific instance follow-up stage by submitting this Follow-up Report No. 2. Despite the foregoing, this NCP is available for the parties to hold a single, exceptional meeting 9 months after the publication of this Report, if either party or both of them so requests. If receiving a request, the NCP shall arrange for a joint meeting with both parties in order to assessing progress in compliance with recommendations made in this Follow-up Report and the state of the bilateral relationship between the Union and Teck.
24. It must be noted that the conclusion of this follow-up stage must not be construed as an event precluding future complaints by the Union or other stakeholders on Teck's business conduct. In other words, should complainants or other group of individuals find it advisable to file a new complaint for review of a specific instance with this NCP

⁵ OECD (2018), OECD Guidelines on Due Diligence for a Responsible Business Conduct. Available at the following link.

⁶ OECD (2018), OECD Guidelines on Due Diligence for Meaningful Stakeholder Engagement in the Extractive Sector. Available at the following link.

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as regards facts that were not discussed in the Agreement, this final follow-up report shall not be deemed as an obstacle.

According to the Guidelines, confidentiality must be kept during the procedure. The information and opinions provided during the procedure shall be reserved, unless the relevant party consents to the disclosure of such information or opinion or where non-disclosure contravenes national laws.

The NCP makes it clear that any rejection or acceptance of a complaint for specific instance or the formulation of recommendations shall not be construed as a proof that corporate actions are or are not consistent with the OECD's Guidelines.

Based on the transparency principle governing the NCP's duties, follow-up reports are published in the NCP website and are translated to English and sent to the OECD Working Party on Responsible Business Conduct for subsequent publication in the specific instances database.

Before the issuance of this Follow-up Report, the parties are afforded the opportunity to make comments on its draft, considering however that the NCP is always responsible for defining the final document version.

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FHP/VMG/BPB

Chilean NCP

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TRANSLATED BY ANA MARÍA MUÑOZ S., RESOLUTION No. 118 OF JULY 15, 1991.
DONE at SANTIAGO, CHILE, on this 30th day of December, 2022.

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Infrastructure and Logistics Director

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Revised by the Chilean NCP, on the 3th day of April 2023. In
case of discrepancy, the Spanish version shall prevail.
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