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VINCI Construction Grands Projets  
President  
Mr. Patrick Kadri

25<sup>th</sup> May 2021

**RE: VCGP response to the UN Joint Communication from the Special  
Procedures of 26<sup>th</sup> March 2021, ref, AL OTH 180/2021**

Dear Mr. Peschoux,

With this letter, VINCI Construction Grands Projets (VCGP) responds to the UN Joint Communication (UNJC) of 26 March 2021 from the Special Rapporteur on extreme poverty and human rights; the Working Group on the issue of human rights and transnational corporations and other business enterprises; the Special Rapporteur on the right to development; the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context; the Special Rapporteur on the situation of human rights defenders; the Special Rapporteur on the rights of indigenous peoples; the Independent Expert on the promotion of a democratic and equitable international order and the Independent Expert on human rights and international solidarity seeking clarification on VCGP's *"business and investment in the development of the Mandalika region, West Nusa Tenggara province, Indonesia, which has allegedly resulted in human rights violations and abuses, including involuntary resettlement"*.

VCGP is an indirectly wholly-owned subsidiary of VINCI, a global player in concessions and construction, employing more than 218,000 people in some 100 countries through over 3,000 business units. Within VINCI, VINCI's Construction business brings together a combination of capabilities in building, civil engineering, hydraulic engineering and associated services. VINCI Construction comprises VCGP which designs and builds major civil engineering structures and buildings.

As of 2017, VINCI has committed publicly to respecting human rights as elaborated in the UN Guiding Principles on Business and Human Rights (UNGPs). This commitment applies across the Group, including to VCGP. VCGP's approach to managing human rights risks within its activities is a positive differentiating factor for VCGP's customers. It confirms our concern for the working

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and living conditions of workers on its sites. It is also a sign that we act with respect for local communities, controlling negative impacts and seeking to produce positive ones for local inhabitants. For VCGP, respecting human rights is signature to how business gets done. VINCI and VCGP's work to implement this public human rights commitment into its operations is detailed further below.

Pursuant to its public commitment, and its recognition of its responsibility to respect human rights, VCGP appreciates the opportunity to respond to the March 2021 UNJC. VCGP acknowledges the important role that Special Procedures play in pursuing protection and respect for human rights in accordance with the UNGPs and the other relevant human rights instruments.

Allegations of human rights violations or abuses in connection with any project involving VCGP is of urgent concern, and it is therefore welcome that the allegations regarding "*forced evictions, involuntary resettlement of indigenous peoples, intimidation and threats against those opposing land acquisitions, loss of cultural and religious sites, and a lack of access to decent livelihood*" have been brought to the attention of all entities and organisations, public and private, involved in the Mandalika project - including VCGP.

#### **VCGP's role in the Mandalika Project**

As identified in the UNJC, Mandalika was designated by the Indonesian government as one of the 10 "National Strategic Tourism Areas." For Mandalika in particular, major infrastructure works were planned by the government and Indonesia Tourism Development Corporation (ITDC) to develop the tourism potential of the Lombok island. The total area envisaged for the Mandalika Project, categorised as a Special Economic Zone (SEZ), is 1,175 hectares.

In early 2017, VCGP entered into a Memorandum of Understanding (MOU) with ITDC to cooperate in the development of only a fraction of the whole envisaged area. Subsequently, the area to be developed by VCGP was reduced further, including by removing the Race Track Circuit from the agreement. In early 2020, VCGP and ITDC amended their initial Master Land Utilisation and Development Agreement to reduce the area for development to 83.06 hectares of the full 1,175 hectares of the Mandalika Project.

The project with respect to the 83.06 hectares (22 plots of land) will be jointly developed by ITDC and VCGP through a Project Company. VCGP will design and build the facilities on this portion of the Mandalika Project. Whereas it was reported in the UNJC that VCGP has invested 1 billion USD, in fact the financing of the development will be via third-party investors. To-date, such investments have not been secured.

At the time of writing this letter, VCGP and ITDC are still finalising the terms of their participation in the Project Company. VCGP has only carried out preliminary technical studies, and no works have yet begun in the corresponding 83.06 hectares.

## Duty of Vigilance Law and VCGP's human rights policies and processes

To satisfy the requirements under the 2017 French Corporate Duty of Vigilance Law, VINCI has published its vigilance plan report in 2018, 2019 and 2020 [Duty of vigilance plan - Sustainability \[VINCI\]](#), covering the activities of VCGP as a wholly owned subsidiary. In these reports, VINCI has provided information with respect to the policies and processes the Group has put in place to meet its responsibility to respect human rights. The reports can be accessed online, and we invite the readers to consult them to have a more full description of the policies and processes adopted by VINCI and applicable to VCGP. We also provide a brief overview below.

### *VINCI Group level commitments and processes*

Given its size, the diversity of its business and the geographical span of its activities, VINCI is aware of the complexity of its human rights challenges and understands that meeting its responsibility to respect human rights is a dynamic process that requires continuous improvement, learning and upskilling. VINCI has adopted a corporate-wide commitment and policies on human rights that are being integrated throughout the diverse activities of its distinct business divisions.

The Code of Ethics and Conduct adopted by the Executive Committee in 2017 and signed by the Group's CEO, contains VINCI Group's commitment to respect for human rights in all of its activities. This document is available in 31 languages on the Group's website and intranet and is provided to all new employees. VINCI's managers have a duty to respect the Code and ensure its application.

VINCI's commitment to respect human rights is further confirmed and developed in the VINCI Guide on Human Rights that provides operational staff and managers with guidance to respect the rights of people that can be impacted by the Group's activities. The Guide was adopted by the Executive Committee in 2017. The human rights policy is coordinated by the Vice-President in charge of Human Resources, member of VINCI's Executive Committee, and promoted throughout the Group by a Human Rights Steering Committee, comprised of the human resources directors of all business lines and divisions. Day-to-day responsibility for the implementation of the policy lays with the Corporate Social Responsibility Department, reporting to the VP.

VINCI's responsibility to respect human rights is defined with respect to the UNGPs and by reference to the International Bill of Rights and the ILO core conventions. The Human Rights Guide identifies the Group's salient human rights issues, organised in five groups and 17 themes. In particular, the Guide identifies risks relating to local communities as a salient issue with respect to socio-environmental issues, land-related issues as well as community dialogue, engagement and remediation mechanisms.

To prioritise its action on human rights, VINCI uses a global human rights risk mapping that provides an overview of the level of human rights risk associated with the country socio-economic and political context by reference to eight internationally recognised indicators as well as internal indicators relating to the extent of the local presence of VINCI companies (workforce

and revenue). Countries are then given a priority level: very high, high, medium or low. High and very high priority levels indicate countries where VINCI action on human rights are prioritised.

Information on the priority countries is then used by VINCI to analyse the specific risks presented by each country in relation to VINCI's salient human rights issues. An independent third-party assesses the level of risk associated with the 17 salient human rights issues by determining the likelihood that negative impacts occur and their potential severity. This is based on (i) the prevalence of the issue in the country and in the infrastructure sector; (ii) the existing regulatory framework and (iii) the enforcement of regulations in the country.

Specific subsidiaries and projects are then evaluated using a performance tool developed by VINCI to assess the capacity of existing management systems to identify and address human rights risks, in particular those identified in the country risk analysis. Based on the results of the assessment, the subsidiary or the project is required to develop a plan of action and report progress to the corresponding human resources department, that in-turn informs the Group through its Steering Committee representative. As necessary, the Group will specifically monitor major risks. In addition, unannounced verifications of compliance - as a complement to the controls put in place by business lines and divisions - are part of our normal processes.

VINCI has also developed a due diligence methodology to assess the situation of subcontractors and suppliers and has been working on incorporating human rights risks checks in the contracting risk matrix and associated documentation to evaluate new projects. VINCI has also established a programme of awareness and training that includes in-person presentations and training sessions and an e-learning module available to all entities and employees. The Human Rights Steering Committee monitors completion of the e-learning module at regular intervals.

These processes are reviewed periodically to assess and improve their effectiveness and are being gradually upgraded and deployed across the Group's entities, including VCGP.

#### *VCGP commitments and processes*

VCGP's Management Committee and President confirm in its General Policy respect for human rights as a priority area in conducting its business activities. This commitment reinforces VCGP continuous efforts to embed and adapt VINCI's corporate policies and processes to the specificities of construction activities. In particular, VCGP has:

- Consistently applied the human rights performance assessment tool to review existing projects according to the country risk mapping. At the moment, 20 out of the 37 ongoing construction projects (8 in France, 8 in Europe and 21 outside Europe) have been assessed. Implementation of the action plans is subsequently followed by VCGP Human Resources Manager in liaison with local project teams. VCGP has developed a set of indicators to measure progress and report regularly to the VCGP Management Committee.

- Developed toolboxes in the different areas covered by the VINCI Guide and the performance assessment tool to support project managers in identifying and managing human rights risks.
- Integrated a human rights alert system in the existing management, operational and technical processes, including: (i) the selection of new projects, (ii) the provision of labour accommodation and welfare standards and (iii) the recruitment and management of local staff. Specific attention has been given to the tendering process to reinforce the integration of human rights early on.
- Included a human rights module within the management training programmes, in particular the Team Grands Projets and CAP HR training programmes. The former addresses site managers, technical directors, works directors, equipment managers and administrative and financial directors to strengthen their skills to manage increasingly complex projects using a risk approach. The latter presents VCGP human resources policies to all managers.

### **VCGP's next steps to manage human rights risks in the Mandalika project**

VCGP's involvement in the Mandalika project is still at the initial stages. While some technical feasibility studies have been completed on proposed facilities, the shareholder agreement with ITDC to join the Project Company to develop the 83.06 hectares is not yet finalised. Investment has also not been yet secured for any of the relevant 22 plots of land and no work on these plots has yet been initiated. VCGP has, therefore, yet to perform specific impact assessments concerning possible construction projects and an operational-level grievance mechanism has not yet been established for its involvement in the Mandalika project. As noted above, the Mandalika Race Track Circuit is no longer within the proposed projects involving VCGP.

In line with VINCI Group policies and processes, VCGP is now planning to initiate human rights due diligence for its future potential activities in the Mandalika Project, and we have now accelerated VCGP's timeframe for this. While all assessments will need to be carried out in a manner consistent with minimising health risks for all involved given the current pandemic, the first step will be an assessment of actual and potential impacts on people related to VCGP's activities in the Mandalika project, including impacts related to the allegations contained in the UNJC.

Once that initial assessment has been completed, VCGP will work closely with ITDC, as well as with other public authorities and relevant entities such as Komnas HAM, to identify ways to prevent and mitigate potential adverse impacts identified as well as remediate harms that may have occurred. We are confident that ITDC as well as other public and private project participants appreciate the seriousness of the allegations contained in the UNJC and will be collaborative partners in avoiding and mitigating negative impacts on people and remediating those that have occurred. VCGP will track the progress of the prevention and mitigation plans, and it will communicate how it is managing the human rights risks identified.

VCGP recognises operational-level grievance mechanisms as one way to enable remediation and as a useful feedback loop on the effectiveness of mitigation measures. VCGP will create such a mechanism for Mandalika, either independently or with other project participants, and will now explore with other entities involved in the Mandalika project how such a mechanism can be designed and implemented to reflect the expectations of such mechanisms laid out in UNGP Principle 31.

VCGP will pro-actively seek constructive engagement from other entities, public and private, involved in the Mandalika project to collaborate in managing associated human rights risks throughout the project's development. We will also strive to produce positive impacts for local people and communities in line with our corporate engagements. VCGP welcomes continued engagement with human rights organisations, experts and the UN Special Procedures.

We express our appreciation to the UN Special Procedures for their concern and confirm that their correspondence has already been useful in accelerating cooperation to address potential human rights issues. We have aimed to be transparent and open in our correspondence and hope that you find the information we have provided responsive to your requests. We would be pleased to respond to further questions you may have.

Respectfully,



Patrick Kadri  
President