



**United Nations Global Compact
Communication of Engagement (COE)
2017-2019**

Statement of Continued Support for the UN Global Compact

16 August 2019

I am pleased to confirm that Bettercoal reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Bettercoal was founded in 2012 by a group of European companies to ensure that the coal they purchase comes from responsible mines committed to enhancing their operations on Environmental, Social and Governance (ESG) issues. Bettercoal's purpose is to promote continuous improvement in the mining and sourcing of coal for the benefit of all people impacted by the industry, workers and coal mining communities. We are currently the only organisation which measures the ESG performance of coal sites throughout the world with over 20 mining companies engaged and over 35 individual mine sites. We believe that as long as coal is being used we must ensure it is mined, transported and used responsibly, no matter the end use.

Since becoming a participant in August 2017, we have not only promoted the incorporation of the Ten Principles of the UN Global Compact in our work, but also encouraged our stakeholders to participate as well, and engaged the Bettercoal Secretariat in events and meetings organised by the UN Global Compact in different parts of the UK.

This is Bettercoal's first Communication on Engagement (COE). In this report, we describe the actions that Bettercoal has taken to support the UN Global Compact and its relevant Principles for an organisation such as ours. We also commit to sharing this information with our stakeholders using our primary channels of communication, and welcome feedback on its content.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Anne-Claire Howard". The signature is stylized and fluid, with a long horizontal stroke extending to the right.

Anne-Claire Howard
Bettercoal Executive Director

Introduction

Responsible mining is essential to the sustainable growth of our societies. Coal still has a significant role to play in the economy through its multiple uses as a source of energy for electricity generation, steel and cement manufacturing, carbon fibre, mobile phones and even household use. It was therefore important to create an internationally recognised standard for the coal mining industry allowing both buyers and the producers of coal to manage the risks in their supply chains.

Since its creation in 2012, Bettercoal has been working towards a global responsible supply chain, by promoting continuous improvement in the mining and sourcing of coal for the benefit of all people impacted by the industry, workers and coal mining communities. As a supply chain initiative, Bettercoal’s work to date has focused on independently assessing the performance of coal mining companies at the mine-site level through the Supplier Assessment Process.

Supplier Assessment Process



- 1 SUPPLIER COMMITMENT**
The coal mining company signs the Letter of Commitment and becomes a Bettercoal supplier.
- 2 DESKTOP REVIEW**
An Approved Lead Assessor is allocated to the Bettercoal Supplier. The Bettercoal Supplier completes the Self-Assessment Questionnaire which is reviewed by the allocated Assessor. The Assessment Scope is finalised and an Assessment Plan for the Site-Visit is developed and shared with Members.
- 3 SITE-ASSESSMENT**
An on-site visit is planned at the Bettercoal Supplier mine site(s). A detailed Assessment Report is developed and once finalised, in consultation with the Bettercoal Supplier, is then shared with Bettercoal Members.
- 4 CONTINUOUS IMPROVEMENT**
The Continuous Improvement Plan (CIP) is finalised and shared with Members. Monitoring the CIP takes place according to timelimes identified in the CIP. Verification methods include Desktop Review and Site-Visit. A public report will be uploaded on the Bettercoal website.

Re-Assessment
A full Re-Assessment is due within maximum five years from the coal mining company becoming a Bettercoal Supplier. The process starts from the beginning.



We are currently the only organisation which independently assesses the ESG performance of coal sites throughout the world with over 20 mining companies engaged and over 35 individual mine sites.

At the same time, through the Members' Implementation and Reporting Obligations (MIRO), we monitor what Bettercoal Regular Members do to implement their obligations and disclose to stakeholders how Bettercoal is progressing in positively impacting in the coal supply chain. Additionally, Bettercoal Members actively engage in the organisation by participating in the Members' Working Group and Country Working Groups (currently in Colombia and Russia).

To support our work and advance the Bettercoal mission, we work in direct communication with our Technical and Advisory Committee (TAC), which is a multi-stakeholder group composed of up to 16 members from civil society, Bettercoal Suppliers and individual representatives from Bettercoal Member companies. The TAC supports Bettercoal's mission and values by reviewing, developing and ensuring the quality of the standards, assurance processes, impact assessment and reporting. The TAC also supports the Bettercoal Board by providing expert judgement, analysis and peer review of both Bettercoal standards and stakeholder comments on those standards.

Along with our daily tasks, we also engage with other coal industry initiatives, publish articles in specialised media, participate in events all over the world, and promote an open dialogue with external stakeholders, like NGOs, and academic and governmental organisations. We believe that these are invaluable opportunities to enhance our work and cooperate to strengthen the achievement of common goals.

Commitment to the UN Global Compact

Since signing the UNGC Letter of Commitment in August 2017, Bettercoal has also taken specific actions to implement the UNGC principles in the work we do across our organization, as described below:

- Engage members in collective action efforts on Global Compact related issues
- Organise learning and dialogue events, workshops and training for our members on the UN Global Compact and specific topics relevant to corporate sustainability
- Provide our expertise to the Global Compact Working Groups and Special Initiatives

▪ *Engage members in collective action efforts on Global Compact related issues*

Being a Member-led organisation, Bettercoal Members are not only engaged with the strategic management of the organisation, but also work closely with Bettercoal Suppliers and other relevant stakeholders, through the Bettercoal Members' Working Group and the Bettercoal Country Working Groups -currently for Colombia and Russia.

The **Members' Working Group** leads the implementation of Bettercoal Member commitments and any other matters relating to Regular Members. In 2018, Bettercoal set up **Country Working Groups** to facilitate a more coordinated approach to the monitoring of continuous improvement plans for Suppliers as well as build knowledge and measure impact. The first two groups that have been set up are the Russia Working Group and the Colombia Working Group.

The core element on which most of the organisation's work is based on is the **Bettercoal Code**. The Bettercoal Code was developed between 2011 and 2013 in consultation with multiple stakeholders including coal producers, trade unions, social and environmental organisations, governments, mining related service providers and utility companies around the world through a public consultation process. It is composed of ethical, social and environmental principles and provisions that are relevant to coal mining operations.

The Bettercoal Code has 10 Principles grouped in 4 categories:

1. GENERAL IMPLEMENTATION EXPECTATION
Legal Compliance, Policies and Systems
2. BUSINESS ETHICS
Disclosure, Bribery and Facilitation Payments
3. HUMAN RIGHTS AND SOCIAL PERFORMANCE
Human Rights, Workers' Rights and Community Engagement
4. ENVIRONMENT
Environment, Pollution Prevention and Biodiversity

A new procedure for the revision of the Bettercoal Code was developed in 2017, and it is currently being revised to make the necessary adjustments to reflect relevant updates and learnings.

The Bettercoal Code, the backbone of the **Assessment Process**, addresses the relevant topics of the Ten Principles of the UN Global Compact, in relation to impacts in the coal mining industry. Through the Assessment Process, Bettercoal assesses the performance of Bettercoal Suppliers against the 10 Principles of the Bettercoal Code by an independent team of assessors. After completing the desktop research and the site-

assessment, they produce a report on the performance of the company against the Code. They also agree on a Continuous Improvement Plan (CIP) with the mining companies to tackle areas where performance does not meet the expectations of the Bettercoal Code. Therefore, through the Country Working Groups, we engage with the respective Bettercoal Suppliers, to follow-up on the completion of their CIP and further involvement in local issues where Bettercoal Members can have a positive impact.

Additionally, Bettercoal Members report on their own information through The **Members' Implementation and Reporting Obligations (MIRO)** system. It aims to track the way Bettercoal Regular Members implement the obligations they committed to when they joined Bettercoal. This exercise is another way by which Members work towards a more responsible sourcing by demonstrating changes in their coal procurement practices.

- ***Organise learning and dialogue events, workshops and training for our members on the UN Global Compact and specific topics relevant to corporate sustainability***

Bettercoal has a strong commitment to the UN Global Compact and has been encouraging its Members, and particularly its Secretariat, to participate in different **training opportunities and events** organised by the UN Global Compact around the UK, and also hosted its first **pubic event** on Responsible Energy, in Amsterdam.

Bettercoal has recently begun its journey of defining its contribution to the **Sustainable Development Goals** (SDGs). The aim is to identify where Bettercoal is having a positive impact and diminish negative ones through its work, reflecting the joint effort of its Members.

We also engage with our Members and the Public in general by writing **publications in specialised media and participation as a speaker in industry events**, highlighting the relevance of promoting a sustainable coal supply chain, the Environmental, Social and Governance (ESG) performance of mining companies, the SDGs and the imperative of a Just Energy Transition.

- ***Provide our expertise to the Global Compact Working Groups and Special Initiatives***

Bettercoal does not only engage as a participant of UN Global Compact events, but also proactively participates in groups and workshops, bringing its perspective and expertise to enrich conversations and to learn from other organisations.

We have also participated in events organised by other organisations on the UN Global Compact topics, such as the World Coal Association.

Measurement of Outcomes

▪ Engaging members in collective action efforts on Global Compact related issues

The Bettercoal Members fully engage in Global Compact related issues in mainly three ways:

- Active participation in the TAC;
- Active participation in the Country Working Groups; and
- Reporting on the MIRO.

By participating in the TAC, Bettercoal Members engage in a multi-stakeholder work environment to share, debate and define relevant issues for the organisation.

Additionally, in the Country Working Groups¹, Members are able to see the Bettercoal Code put into action through the Assessment Process and engage in the follow-up of Bettercoal Suppliers' Continuous Improvement Plans, identifying additional opportunities to generate a positive impact locally. The two Country Working Groups are currently engaged with six Bettercoal Suppliers:

- Colombia Working Group (3): Drummond, Prodeco, Cerrejón
- Russia Working Group (3): KRU Coal, SDS Ugol, SUEK

The UN Global Compact topics are embedded in Bettercoal and its Members' work and commitments. Therefore, Bettercoal Members, by their active engagement in the various areas of work of Bettercoal, are also engaging with the UN Global Compact topics.

▪ Organise learning and dialogue events, workshops and training for their members on the UN Global Compact and specific topics relevant to corporate sustainability

Workshops and events

In the last two years, Bettercoal has participated in several events organised by the UN Global Compact on different topics relevant to the organisation. including the latest ones: The Global Goals Roadshow 2019 (Edinburgh, 2019) and Making Global Goals Local Business UK Conference (London, 2019).

¹ Additional information can be found in [Bettercoal website](http://www.bettercoal.org)



Bettercoal has also hosted its first public event – Bettercoal Conversations on Responsible Energy on the 27th of June in Amsterdam. It was attended by Bettercoal Members, Bettercoal Suppliers, civil society organisations, government representatives, NGOs, auditing firms, consulting companies and similar supply chain initiatives.

Publications in specialised media

Over 10 Bettercoal articles have been published in specialised media, including Dry Cargo International, The CAT Company, and the World Coal Association, on topics related to sustainability and coal supply chain, ESG performance, the SDGs, and the Just Energy Transition.

Speaker at industry events

Bettercoal has been a speaker in over 10 industry events all over the world promoting a sustainable approach to the coal supply chain.

Provide our expertise to the Global Compact Working Groups and Special Initiatives

As part of our active engagement with the UN Global Compact, Bettercoal has engaged in different activities, such as the UNGC Network UK SDGs Reporting Working Group in 2017, in which Bettercoal actively participated in its various meetings. We have also joined other organisations' events that have topics in common, such as the **World Coal Association (WCA) London event**, held on the 31st October 2017, in which several stakeholders from across the energy sector discussed how coal can support the SDGs, with a specific focus on SDG7 and SDG8. Bettercoal engaged in associated **roundtables** after this, such as in Johannesburg (South Africa) on July 2018, where stakeholders explored the implications and expectations around coal and the SDGs.