

**United Nations Global Compact  
Communication of Engagement (COE)  
2019-2021**

**Statement of Continued Support for the UN Global Compact**

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13 August 2021

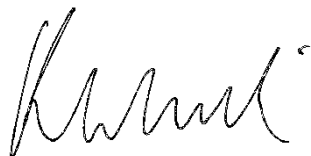
I am pleased to confirm that Bettercoal reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

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 17 mining companies engaged and over 69 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 as well as online.

This is Bettercoal's second 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



Katie Warrick  
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, as well as in carbon fibre and mobile phones, for example. 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.



### 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 Suppliers Questionnaire which is reviewed by the allocated Assessor. The Assessment Scope is finalised and a 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 timelines 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.



At the same time, Bettercoal Regular Members report on the Members' Implementation and Reporting Obligations (MIRO), by which we monitor what they 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 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 (coal producers that have been through the Bettercoal Assessment Process), individual representatives from Bettercoal Member companies, and other standards experts. 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.

With the challenges posed by the COVID-19 pandemic throughout 2020, Bettercoal made adjustments to drive its work plan forward. The impossibility of in-person engagements meant a pause in Site-Assessments and monitoring visits and it also saw the adjustment of other planned activities that were brought to the virtual realm. Building on Bettercoal's significant experience in conducting Assessment Processes, we undertook a review of the Bettercoal Code throughout 2020 and had a high level of engagement and participation from external stakeholders. We also took the time to benchmark the new Bettercoal Code to the Sustainable Development Goals (SDGs). The outcomes of this work provided useful information on alignment but also on opportunities for improvement, that were incorporated in the Bettercoal Code 2.0. We also maintained strong stakeholder engagement through the Country Working Groups.

At the same, we continued the monitoring of progress on the Continuous Improvement Plans (CIP) of Bettercoal Suppliers, we engaged with our Members on the implementation of their obligations, whilst ensuring a sustainable financial position.

Internally, we have also been working to increase our transparency by updating our website, providing more information on our work and progress achieved. We devoted time to produce thought pieces on relevant industry topics, with the aim to raise awareness and understanding on discussions around coal and sustainability. Our work was also presented in different industry related online events throughout the year.

## **Commitment to the UN Global Compact**

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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 organisation, as described below:

- Engage members in collective efforts on UN 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

### ■ ***Engage members in collective efforts on Global Compact related issues***

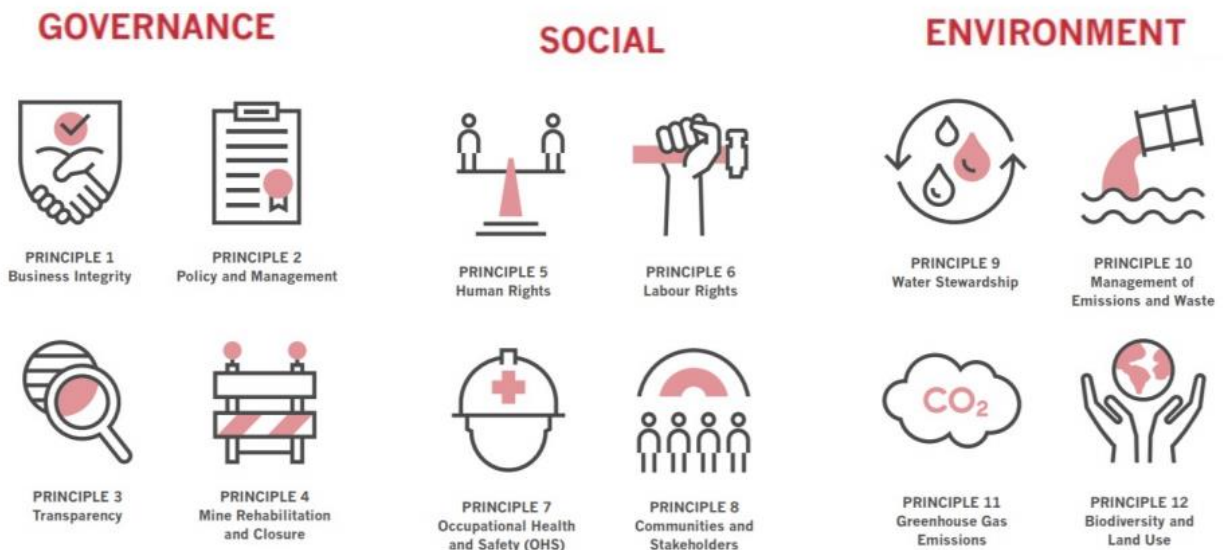
Being a Member-led organisation, Bettercoal Members are not only engaged with the strategic management of the organisation, but also work closely with Bettercoal Suppliers and other relevant stakeholders, through the Bettercoal Members' Working Group and the Bettercoal Country Working Groups.

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 the organisation's work is based is the **Bettercoal Code**. Since the Bettercoal Code was launched in 2013, it has become the internationally recognised Standard for assessing, assuring and sustaining stringent ethical, environmental and social performance in the coal mining supply chain. Bettercoal Members use the Bettercoal Code, Assessment Process and Continuous Improvement Plans to understand, manage and mitigate the Environmental, Social and Governance (ESG) risks in their coal supply chain, striving to increase year-on-year the percentage of coal purchased from Bettercoal Suppliers. Bettercoal Suppliers use the Bettercoal Code to further improve their ESG performance, maximise their positive contribution to workers and local communities, and minimise any negative impacts on the environment.

In 2019-2020, Bettercoal carried out a comprehensive review of the Bettercoal Code 1.1, culminating in the revised Bettercoal Code Version 2.0. Full details on the process and comments received during the consultation periods (and reviewed and addressed after) can be found on the [Bettercoal website](#).

The [Bettercoal Code](#) is composed of 12 principles, which can be divided into three main areas: governance, social and environment. Within the Code, there are 144 numbered provisions that Bettercoal assesses its Supplier companies against.



The Code is accompanied by the [Bettercoal Code 2.0 Guidance](#), developed to help Bettercoal Suppliers and Bettercoal Assessors better understand and interpret the requirements of the Code and the steps needed to implement it, also enabling a consistent approach from one Site-Assessment to another. The Guidance document is available in English and Russian.

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 12 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.

Bettercoal also engages with the respective Bettercoal Suppliers, through the Country Working Groups, following 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, valuing coal producers that have demonstrated a commitment to improving their ESG performance.

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

Bettercoal recognises the significant impact the [mining sector](#) can have on the [United Nations Sustainable Development Goals \(SDGs\)](#). Combined with Bettercoal's purpose to promote the continuous improvement of sustainability performance in the coal supply chain, we undertook a full [review of the Bettercoal Code](#) and included a thorough and independent analysis benchmarking the newly revised Code against the SDGs.

For this, we partnered with an expert third party, the [Sustainable Development Strategies Group](#) (SDSG), who **analysed the Bettercoal Code 2.0 provisions to identify areas of alignment and gaps, in relation to the SDGs**. The gaps shone light on where Bettercoal could contribute more positively to the SDGs, with the final benchmark output and report identifying 70 improvement opportunities for Bettercoal.

As part of the Bettercoal Code review process, we reviewed these opportunities and integrated changes, where relevant, to bring more alignment to the SDGs, both in language and in driving more implementation around responsible practices in the coal mine supply chain.

This benchmarking process and final report have reaffirmed that the Bettercoal Code 2.0 and our Assessment Process is on the right track, taking steps to proactively align ourselves more with the SDGs, and seek out opportunities to contribute more positively to the people and environment affected directly or indirectly by the coal industry. But beyond updates to the Bettercoal Code and Assessment process itself, we also identified opportunities to deepen and extend our work through our [Country Working Groups](#).

Bettercoal will be publishing a more detailed summary of the Bettercoal SDG Report findings together with the launch of the Bettercoal Code 2.0 by the end of 2021.

We also engage with our Members and the Public in general by writing **articles in specialised media and participating as a speaker in industry events**, highlighting the importance of promoting a sustainable coal supply chain.

## Measurement of Outcomes

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

Bettercoal Members engage in Global Compact related issues in the following ways:

- Active participation in the TAC;
- Active participation in the Country Working Groups;
- Benchmarking of the Bettercoal Code 2.0 and the SDGs; and
- Reporting on the MIRO.

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

Additionally, in the Country Working Groups<sup>1</sup>, 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 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 online events organised by the UN Global Compact on different topics relevant to the organisation.

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



#### *Publications and interviews in specialised media*

Bettercoal published three thought pieces different on topics related to sustainability and coal supply chain, ESG performance, the SDGs, and the Just Energy Transition. It also contributed a piece on the relevance of coal in the Indian context for World Coal Magazine, and was interviewed by a number of international media outlets focused on sustainability issues, such as Semana Sostenible (Colombia) and S&P Global.

#### *Speaker at industry events*

Bettercoal participated as speaker in over 12 in-person and online international events, raising awareness and understanding of key issues and promoting a sustainable approach to the coal supply chain.

#### *Internal presentation on Bettercoal Code 2.0 performance against the SDGs*

Bettercoal organised an internal workshop for Members on the UN SDGs and the mapping against the Bettercoal Code 2.0. The virtual session followed a thorough benchmarking and presented areas of alignment and opportunities for improvement that were taken on board for different Bettercoal projects.