

**BETTER
COAL**

ANNUAL REPORT 2022





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Annual Report 2022

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01



Frank Plümacher

Chairman Bettercoal,
Board of Directors

FOREWORD FROM CHAIR

I am pleased to present the Bettercoal Annual Report for 2022, reflecting our collective efforts to promote responsible coal mining practices worldwide. This year has been marked by significant milestones, meaningful engagement with stakeholders, and important strides towards our mission.



Together, we are working to drive positive change in the coal mining industry.

In 2022, we successfully resumed on-site activities following the challenges posed by the COVID-19 pandemic. Lead Assessors conducted on-site assessments and site verification visits, providing valuable insights into the operations of producers. Notably, we conducted the first Continuous Improvement Plan (CIP) site verification visit, with the Lead Assessor revisiting mine operations to verify performance against the CIP and further driving continuous improvement in mining practices.

Bettercoal Member engagement remained strong throughout the year, exemplified by the Colombia Working Group's delegation visit to Colombia in September. During this week-long engagement programme, we had fruitful discussions with various stakeholders, including community leaders, producers, labour unions, local government and institutions, dialogue organisations, ambassadors, and business organisations. These engagements provided diverse perspectives and enriched our understanding of the Colombian coal mining landscape, particularly the increasing prominence placed on the issue of a Just Transition.

We also saw significant changes in Bettercoal's operating environment, with the impact of Russia's invasion of Ukraine and the decision to suspend Bettercoal's engagement in Russia. With

the diversification in the coal suppliers into Europe, Bettercoal established the South Africa Working Group, reflecting our commitment to promote continuous improvement in the mining of coal in all regions.

Our members recognise the value of Bettercoal in their due diligence processes, helping them meet the evolving legislative requirements in Europe. The Bettercoal assessment model serves as a vital tool for informed and responsible sourcing decisions. As we look to the future, we have launched a comprehensive review of our assurance documentation and processes, which initiated this year and will continue into 2023. This initiative will enhance our assurance system and strengthen our commitment to a global responsible coal supply chain. We are also working to expand knowledge-sharing initiatives and foster collaboration with a wide range of stakeholders.

I extend my gratitude to our dedicated team, committed members, producers, and supportive stakeholders for their invaluable contributions. Together, we are working to drive positive change in the coal mining industry.

Frank Plümacher
Chairman Bettercoal,
Board of Directors

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Katie Warrick

Executive Director,
Bettercoal

INTRODUCTION FROM EXECUTIVE DIRECTOR

2022 has been a year of contrasts for Bettercoal. It was a year when the Bettercoal programme was able to resume its activities post-COVID, with our assessors back on-site, carrying out the first assessment against the new Bettercoal Code 2.0. Yet it was also a year when our normal operating environment rapidly changed, and we needed to work closely with our Members to adapt to such significant changes.



While 2022 has been a year of change, it has also demonstrated our ability to adapt.

The suspension of our engagement with Russian producers has had an impact on the number of producers recognised as Bettercoal Producers. A priority has been working closely with our Members to onboard new producers to the Bettercoal assessment process, often from countries where we've had a minimal footprint in the past. We welcomed a new Tanzanian producer into the Bettercoal Assessment journey in 2022, as they demonstrated their commitment to going through our assessment process by signing the Bettercoal Letter of Commitment.

Our commitment to driving improvement across regions led to the creation of the South Africa Working Group at the end of 2022. Our Country Working Groups – we also have an active Colombia Group, which has been working for over 4 years – enable us to work closely with our Members to enhance knowledge and understanding of issues in coal mining in key coal producing countries and to build understanding of the Bettercoal assessment process with producers.

We were able to carry out our first 'CIP verification' visit in 2022, where the Lead Assessor returned to Drummond's operations in Colombia to verify actions taken within their Continuous Improvement Plan, leading to 28 out of 29 CIP findings being closed – a significant milestone.

Bettercoal not only applies the 'continuous improvement' model to the coal producers it assesses, but also turns the lens on itself. We continued a review of our assurance documentation, to ensure that our processes are aligned with industry best practices. This is a significant undertaking and one that will continue into 2023 and be overseen by our Technical and Advisory Committee.

It was also a positive step for Bettercoal to not only be back on-site through the assessment process but also to be meeting with our stakeholders in-person again after the disruption of the last few years. The Colombia Working Group travelled to Colombia in September, with

a full week-long programme of activity, meeting a diverse range of stakeholders, as well as visiting Cerrejón's operations. These discussions are critical to enhancing our Members' understanding of the larger contextual issues around coal mining and shaping the future activities of our Country Working Groups.

2022 was also a year in which Bettercoal reflected on how we support our Members and can extend our expertise to support them in due diligence across their supply chains. Through the creation of an internal taskforce, we explored whether there is the potential for us to expand our work and broaden how we support our Members. This work is continuing into 2023.

While 2022 has been a year of change, it has also demonstrated our ability to adapt. We have able to do this through the ongoing support of our Members, the commitment from Bettercoal Producers, our Lead Assessors, the Bettercoal team, and the open engagement from all the stakeholders that work with us and make time for the Bettercoal programme.

We look forward to continuing this important journey driving a responsible global coal supply chain in 2023.

Katie Warrick
Executive Director,
Bettercoal

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BETTERCOAL STANDARD

Bettercoal is the internationally recognised Standard for assessing, assurance and sustaining stringent ethical, environmental and social performance in the coal supply chain.



12

Principles

144

Provisions

The Bettercoal Code 2.0 is composed of 12 principles and 144 provisions, built around the three pillars of Environment, Social and Governance (ESG) which are used to assess Bettercoal Producers on-site and develop Continuous Improvement Plans (CIPs), which sets out actions they can take to improve the sustainability of their performance against the Code and mitigate and minimise any negative impacts on workers, local communities and the environment.

The Bettercoal Code 2.0 was launched in March 2021 following an extensive period of stakeholder consultation that started in 2019. As a result, the Code now has greater alignment to international best practices in mining and the UN Sustainable Development Goals. To learn more about the Code Review process and the stakeholder consultation involved, more information can be found [here](#).

The Bettercoal Code 2.0 is available in English, Spanish, Russian and Indonesian [here](#). The accompanying 2.0 Guidance Manual supports Bettercoal Producers and Assessors in understanding and interpreting the requirements of the Bettercoal Code 2.0 and enables a consistent approach on all site assessments and is available [here](#).

GOVERNANCE

Principles

Provisions Focus

<p>PRINCIPLE 1 Business Integrity</p> <p>Companies will conduct their business to a high level of integrity and compliance.</p>		<ul style="list-style-type: none"> • Legal Compliance (1.1) • Anti-corruption and anti-money laundering (1.2-1.3) • Whistle-blowing Mechanism (1.4)
<p>PRINCIPLE 2 Policy and Management</p> <p>Companies will develop, document and implement management systems that cover the Principles of the Bettercoal Code, and will support continuous improvement throughout their operations and with business partners.</p>		<ul style="list-style-type: none"> • Management Systems (2.1-2.2) • Risk and Impact Assessments (2.3-2.7) • Business Partners (2.8-2.12)
<p>PRINCIPLE 3 Transparency</p> <p>Companies will commit to being transparent in alignment with internationally recognised reporting and disclosure standards.</p>		<ul style="list-style-type: none"> • Sustainability Reporting (3.1) • Company Ownership and Payment Transparency (3.2-3.3)
<p>PRINCIPLE 4 Mine Rehabilitation and Closure</p> <p>Companies will implement a process of integrated mine closure and rehabilitation incorporating environmental, social, economic and governance aspects into operations from the earliest stage of mine development.</p>		<ul style="list-style-type: none"> • Integrated and comprehensive Mine Closure and Rehabilitation Plan (4.1-4.6)

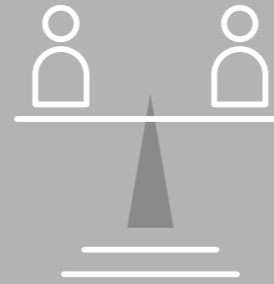
SOCIAL

Principles

Provisions Focus

PRINCIPLE 5 Human Rights

Companies will respect human rights affected by their operations and take appropriate action to assess, prevent and remedy potential adverse impacts on human rights in a manner that is consistent with international instruments on human rights.



- Human Rights Due Diligence (5.1-5.2)
- Indigenous and Tribal Peoples (5.3-5.5)
- Women's Rights (5.6)
- Security Personnel (5.7-5.10)
- Conflict-Affected and High-Risk Areas (5.11-5.15)

PRINCIPLE 6 Labour Rights

Companies will uphold the rights of workers and ensure dignified and respectful working conditions in line with the ILO eight fundamental Conventions and other relevant ILO Conventions.



- Employment Terms (6.1-6.4)
- Child Labour (6.5-6.7)
- Forced Labour (6.8)
- Freedom of Association and Collective Bargaining (6.9-6.12)
- Non-discrimination (6.13)
- Disciplinary Practices and Harassment (6.14-6.15)
- Working Hours (6.16-6.20)
- Remuneration (6.21-6.25)
- Worker Grievance Mechanism (6.26-6.27)

PRINCIPLE 7 Occupational Health and Safety (OHS)

Companies will provide safe and healthy working conditions for all workers, both employees and contractors.



- Management Systems (7.1)
- Workplace Hazards (7.2-7.12)
- Emergency Preparedness (7.13-7.15)
- Occupational Health and Safety Training and Communication (7.16-7.18)
- Accident and Incident Reporting (7.19-7.20)
- Worker Health and Wellbeing (7.21-7.26)
- Worker Housing (7.27)

PRINCIPLE 8 Communities and Stakeholders

Companies will identify and engage potentially affected stakeholders and contribute to the long-term social, cultural, environmental, economic and institutional development of the communities in which they operate.


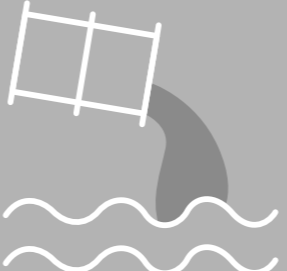
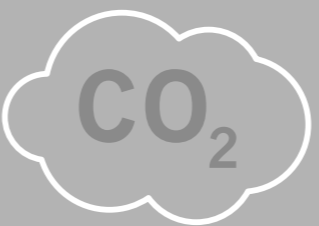



- Stakeholder Engagement (8.1-8.5)
- Resettlement (8.6-8.8)
- Community Health and Safety (8.9-8.10)
- Sustainable Development (8.11-8.15)
- Operational-Level Grievance Mechanism (8.16-8.18)
- Cultural Heritage (8.19)

ENVIRONMENT

Principles

Provisions Focus

<p>PRINCIPLE 9 Water Stewardship</p> <p>Companies will have systems in place that enable the efficient and responsible withdrawal, use and management of water in their operations to contribute to good water stewardship in the area of operation.</p>		<ul style="list-style-type: none"> • Water Assessment (9.1-9.2) • Water Management (9.3-9.6)
<p>PRINCIPLE 10 Management of Emissions and Waste</p> <p>Companies will have systems in place to avoid and minimise potentially harmful emissions and to manage waste in line with the mitigation hierarchy.</p>		<ul style="list-style-type: none"> • Emissions and Waste Assessment (10.1) • Emissions and Waste Management (10.2-10.10) • Tailings Management (10.11-10.13)
<p>PRINCIPLE 11 Greenhouse Gas (GHG) Emissions</p> <p>Companies will have systems in place to measure, avoid and minimise greenhouse gas emissions at all stages of the mine lifecycle.</p>		<ul style="list-style-type: none"> • Greenhouse Gas Emissions Assessment (11.1) • Greenhouse Gas Emissions Management (11.2)
<p>PRINCIPLE 12 Biodiversity and Land Use</p> <p>Companies will identify their impacts on biodiversity, protected areas and land use and apply the mitigation hierarchy to the management of their impacts throughout the lifecycle of the mine.</p>		<ul style="list-style-type: none"> • Biodiversity and Land Use Assessment (12.1) • Biodiversity and Land Use Management (12.2-12.3) • Designated and High Conservation Value Areas, Natural Habitats and Threatened Species (12.4-12.8) • Invasive Alien Species (12.9-12.10)

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ABOUT BETTERCOAL

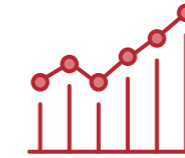
Bettercoal is the global, not-for-profit organisation working towards a global responsible coal supply chain.

Established in 2012 by a group of major European utilities, Bettercoal has assessed over 70 mines across four continents against the Bettercoal Code, which is the internationally recognised standard for assessing, assuring and sustaining stringent ethical, environmental and social performance in the coal supply chain.

Bettercoal aims to promote the continuous improvement in the mining and sourcing of coal for the benefit of all people impacted by the industry, workers and coal mining communities. Bettercoal's members recognise the importance of driving change at coal mining operations and actively addressing key ESG issues in their coal supply chains. They use the Bettercoal Code and assessments in their due diligence processes and to inform their purchasing decisions.



Our Values



Continuous Improvement of coal mining through the assessment of Producers and of coal sourcing by working with Members to improve their sustainability practices, and through working with Approved Lead Assessors who engage with Bettercoal Producers throughout the entirety of the assessment process to impart their knowledge of best practice.



Transparency through the publication of high-level site-assessment reports, reporting of aggregated CIP numbers, and reporting on our Members' obligations and performance, all on Bettercoal platforms.



Stakeholder Engagement with a wide variety of stakeholders through actively participating in industry initiatives, in-country workshops, meetings and sector related events, and our Technical and Advisory Committee (TAC). Our Complaints Mechanism is used as a tool for constructive feedback and exchange of information.



Risk-Based Approach followed in Bettercoal's assurance to increase the efficiency of the Producer Assessment Process and provides pertinent information to Bettercoal Members on responsible mining practices, while reducing the assurance burden for mining companies.

All the work we do is underpinned by our values, ongoing engagement with our stakeholders and of course, the Bettercoal Code, which is the backbone of our organisation.

Theory of Change

The Bettercoal Theory of Change sets out the impact we aim to have as an organisation. Bettercoal’s goal is to grow and improve the Bettercoal Code, drive more sustainable practices in the coal supply chain, and ensure engagement with stakeholders and communities during this process.

The Theory of Change was revised in 2020 to define Bettercoal’s long-term goals and short to medium-term outcomes. In the short to medium-term, this includes stakeholder engagement in key sourcing countries, continually improving the Bettercoal Code and its application, and transparency in reporting.

While in the long-term, working towards a global responsible coal supply chain looks like embedding sustainability principles in coal production and that all coal worldwide is sourced and produced responsibly.

All the work we do is underpinned by our values, ongoing engagement with our stakeholders and of course, the Bettercoal Code, which is the backbone of our organisation. Bettercoal remains committed to its long-term goals with strong leadership from the Bettercoal Secretariat and Bettercoal Board, input from our Technical and Advisory Committee and commitment from our Members and Bettercoal Producers.



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REPORTING AND ASSURANCE

Bettercoal has developed a rigorous assurance system to ensure that the performance data we build around Bettercoal Producers is as robust and accurate as possible.

Lead Assessors, independent specialists trained in our Standard, are critical to our assessment and assurance processes. They assess coal producers on-site against the 12 principles and 144 provisions of the Bettercoal Standard and develop the Continuous Improvement Plans (CIP) that each of the producers then work to meet. Producers are assessed every four years, and throughout the cycle they regularly submit evidence which is then reviewed by the assessors to verify whether it meets the expectations of the CIP. For some items to be considered closed, an on-site verification visit is required.



1. Commitment

The coal mining company signs a Letter of Commitment to work towards the expectations of the Bettercoal Code and agrees to indicative costs.

Bettercoal undertakes initial due diligence screening ahead of the letter being signed to ensure there are no 'red flag' issues and the producer will be able to onboard to the Bettercoal assessment process.



2. Questionnaire and Assessment Planning

Producers complete our detailed, information-gathering questionnaire on the Bettercoal Assurance Platform. Using the responses from this, a 'request for proposals' is sent out to our pool of Lead Assessors. Proposals are assessed on technical and commercial requirements.

A proposed Lead Assessor is appointed and collects the information necessary to plan for the on-site assessment.

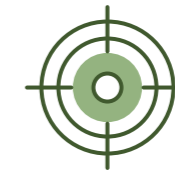


3. On-site Assessment and Assessment Report

An on-site assessment is conducted, benchmarking operations against all 144 provisions of the Code.

Information gathered both prior to assessment and during the on-site assessment is combined into one single report and is used to create a 4-year Continuous Improvement Plan, providing the framework for the producer to make the improvements needed to meet the expectations of all 144 provisions of the Code.

Once the Continuous Improvement Plan has been agreed, the company now becomes a Bettercoal Producer.



4. Continuous Improvement

Once the Continuous Improvement Plan is in place, the producer regularly submits information to their Lead Assessor, to evidence the changes being implemented to meet the requirements set out in the CIP. Follow-up meetings are held, and on-site visits may be required to verify specific changes.

After four years, the producer is re-assessed and the CIP process starts again, with a new CIP created based on the new assessment findings.

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GOVERNANCE



Board of Directors

The Bettercoal Board of Directors is the key governing body of Bettercoal whilst the Secretariat manages the day-to-day operations, with the support of the Members Committee and the Technical and Advisory Committee.

The Bettercoal Board of Directors is currently composed of nine Directors. The Board provides strategic oversight and works closely with the Secretariat to deliver Bettercoal's long term objectives.

Secretariat

The Bettercoal Secretariat, led by the Executive Director, is responsible for the daily management of Bettercoal operations and reports to the Board of Directors. The Executive Director is supported by a dedicated team and together they focus on the implementation of the Bettercoal Code, the Producer Assessment Process and Assurance System Review, Bettercoal Members' Implementation and Reporting Obligations, communications and engaging with stakeholders.

Technical and Advisory Committee

The Technical and Advisory Committee (TAC) is a multi-stakeholder committee composed of members from civil society, academia, mining companies, and individual representatives from Bettercoal Member companies. The TAC supports and advances Bettercoal's purpose and values by reviewing, developing and ensuring the quality of the standard, assurance processes, impact assessment and reporting. In the area of standards development and review, the TAC supports the Bettercoal Board by providing expert judgement, analysis and peer review of both Bettercoal Code and stakeholder comments on those standards.

Members Committee

The Members Committee leads the implementation of Bettercoal Member commitments and any other matters related to Members. Specific areas where it provides support include:

1. **Member Commitments:** Reviewing the Member commitments and reporting obligations (ensuring accountability within the membership).
2. **Overseeing CIP Progress:** Reviewing progress made by Bettercoal Producers in their 'Continuous Improvement Plans' and agreeing actions for not meeting obligations.

3. **Supporting Member and Supplier Growth:** Acting as a sounding board on membership, alongside supporting expanding Bettercoal's producer base.
4. **Issues Scanning:** Preparing key discussion points on issues relating to the membership and other relevant emerging issues.
5. **Supporting on Issues Identified by Board:** Providing support to the Secretariat on any specific issues as highlighted by the Board.

07

BETTERCOAL MEMBERS

Members



Associate Members



Bettercoal has a strong foundation of Members, many of whom have been engaged since we were formed.

Bettercoal's members recognise the importance of promoting a responsible global coal supply chain and actively use Bettercoal in their due diligence processes and to inform their purchasing decisions. They use the Bettercoal Code, on-site assessments of Bettercoal Producers, and the Continuous Improvement Plans to understand, manage and mitigate the ESG risks in their coal supply chain.

Our members commitment to Bettercoal extends to ensuring that, where they have coal operations, these are assessed too. In September 2022, RWE Power's coal operations in Germany were the first to undergo site assessment against the new Bettercoal Code 2.0.

Bettercoal's members also participate in our committees, working groups and country-specific initiatives, helping drive the collective action of Bettercoal to work towards a global responsible coal supply chain.

Bettercoal has 12 members and two associate members.

Member Impact

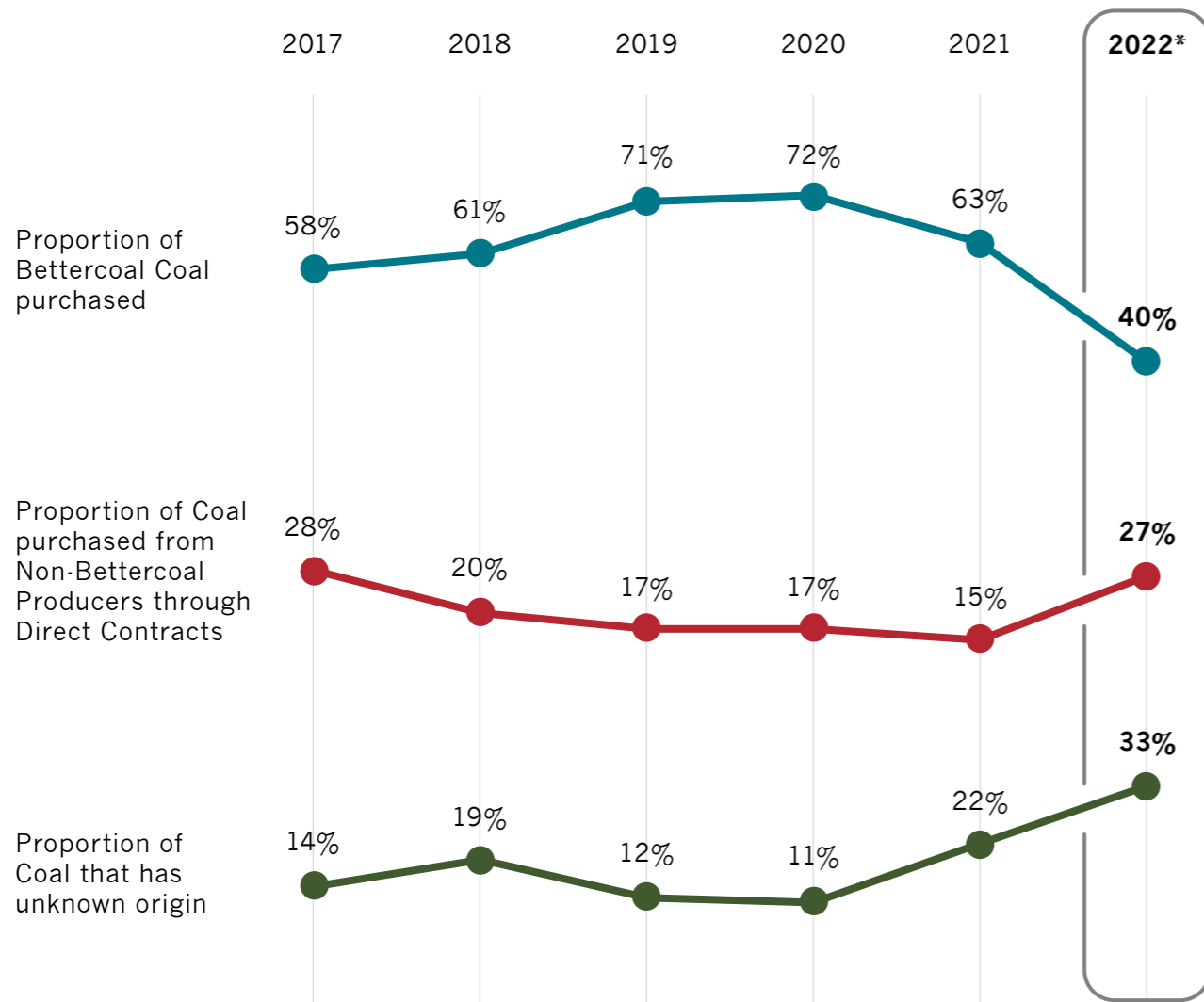
To understand and monitor our impact on the coal supply chain, we annually report on the Members' Implementation and Reporting Obligations (MIRO) that monitors the volume of coal that our Members have purchased from Bettercoal Producers as a percentage of their total coal purchased. Bettercoal Members have made a commitment to purchase a substantial share of Bettercoal assessed coal.

The MIRO data contributes towards transparency in purchasing practices as part of our Theory of Change framework by disclosing to stakeholders how Members use Bettercoal Assessments in their due diligence processes and to inform their purchasing decisions.

Bettercoal Members' Implementation and Reporting Obligations

The charts below show Bettercoal membership coal purchases as a percentage of total membership coal purchases, per year.

MIRO



*Data based on the information of 12 Bettercoal Members, reported by June 2023.

To understand and monitor our impact on the coal supply chain, we annually report on the Members' Implementation and Reporting Obligations (MIRO) that monitors the volume of coal that our Members have purchased from Bettercoal Producers as a percentage of their total coal purchased. According to the Bettercoal Membership Code, Members commit to "reporting annually on coal purchasing activities, proactively engaging with their Bettercoal Producers to follow their progress on their Continuous Improvement Plans and promote the use of the Bettercoal Contract Clause in their direct purchasing agreement". The MIRO data contributes towards transparency in purchasing practices as part of our Theory of Change framework by disclosing to stakeholders how Members use Bettercoal Assessments in their due diligence processes and to inform their purchasing decisions.

The drop in the proportion of coal purchased by our Members from Bettercoal Producers from 2021 to 2022 was caused by two factors:

1. Russia's invasion of Ukraine leading to the suspension of Bettercoal's activities with Russia and the removal of the 'Bettercoal Producer' claim from 4 Russian producers from 28 April onwards.
2. Stockpiling due to expectations of higher demand and supply chain disruptions, with Members coal purchasing in 2022 increasing by almost 21.6% compared to 2021. The share of coal sourced from Bettercoal Producers therefore decreased, as Members were purchasing greater volumes of coal from a broader range of suppliers.

Although the percentage of coal that our Members purchased from Bettercoal Producers decreased in Q1 2022, the total volume of this coal purchased from Bettercoal Producers actually stayed roughly at the same level as the comparable period from 2021. Members were reacting to the geopolitical context and preparing for both supply disruption and the expectation of higher demand due to projections of a harsh winter, hence their overall volumes increased.

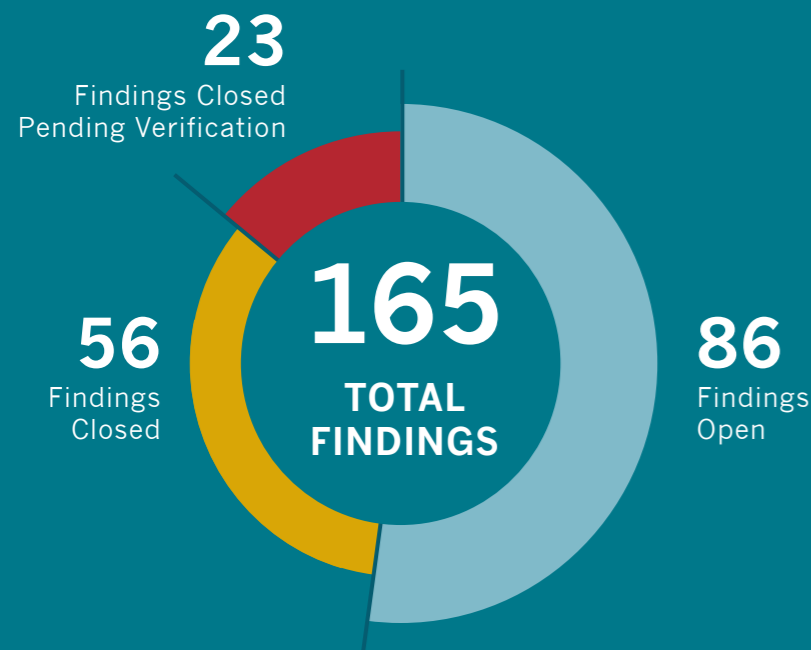
On the 28 April, 2022, Bettercoal suspended its activities in Russia with immediate effect and Russian producers were no longer able to make the claim of being a 'Bettercoal Producer'. An import ban on all forms of Russian coal was also introduced in 2022. As a result, the percentage of coal sourced from Bettercoal-certified producers decreased, as Members diversified their supplier base.

08

BETTERCOAL PRODUCERS

Bettercoal Producers are coal mining companies that work to meet the expectations of the Bettercoal Code and continually improve their Environmental, Social and Governance performance through our Continuous Improvement framework.

Continuous Improvement Plan Progress



Bettercoal Producers in 2022: 6*

Producers at CIP Stage in 2022: 5*

*Data reflects information updated by December 31, 2022

Bettercoal supports coal producers in raising standards in their operations to international standards, demonstrating a commitment to continuous improvement.

Bettercoal’s network extends across the globe, operating across four continents. Bettercoal Producers currently span USA, Indonesia, Germany and Colombia. Bettercoal supports coal producers in raising standards in their operations to international standards, demonstrating a commitment to continuous improvement. Through the use of the Bettercoal Code, producers can quickly and easily respond to queries from stakeholders and demonstrate their commitment to responsible coal production.

*On 28th April 2022, Bettercoal made the decision to suspend all activities in Russia with immediate effect. This meant that Russian producers could no longer make a claim to being a ‘Bettercoal Producer’. The number of Bettercoal Producers thus lowered from 10 to six. In line with the Bettercoal Policy of Association, Bettercoal also disassociated from one coal producer in 2022, details of which can be found on the Bettercoal website. At the end of 2022, PT Adaro

agreed to reassessment, so will be worked on in 2023. While Prodeco ceased mining operations, we continued to engage with them in 2022, to ensure we could raise concerns shared with us from stakeholders, though there was no CIP progress or monitoring because there was no mining activity.

The Bettercoal Code and assurance process is a Continuous Improvement Plan Framework and not a certification scheme. The Bettercoal assessment journey involves a coal producer signing a Letter of Commitment, agreeing to the assessment costs, undergoing a site assessment by an independent Lead Assessor, and agreeing a Continuous Improvement Plan. Only then can a producer make a claim to be a Bettercoal Producer. Every three months, each Producer submits evidence to demonstrate how it is working towards meeting the expectations of its CIP. The progress of all producers on their CIP journey is published on the [Bettercoal website](#).

CIP Site Verification Visit

Certain items on the CIPs can only be closed following a site verification visit by the Lead Assessor. Bettercoal conducted its first Continuous Improvement Plan site verification visit of a producer in August 2022. Colombian coal producer Drummond Ltd, who have been a Bettercoal Producer since 2014, was visited on-site by the Lead Assessor to review the 20 items on their CIP that could only be fully closed following site verification. As a result of the site verification visit, 19 of the 20 items were assessed as closed, having met the standards of the Bettercoal Code. An additional item was also added to their CIP, as a result of the site visit.



Bettercoal Producers Around The World

2

USA

CONSOL Energy, Foresight Energy (Mach 1 Mine)



3

Colombia

Cerrejon, Drummond, Prodeco

1

Indonesia

PT Adaro

09

COUNTRY WORKING GROUPS

South Africa Working Group

Bettercoal's Members Committee agreed to form a South Africa Working Group in 2022 to support Bettercoal's engagement in South Africa. This member-led group was formed because of the increasing volumes of South African coal coming into Europe and the needs of our Members to ensure there is due diligence monitoring in their changing coal supply chains.

The South Africa Working Group is formed of Bettercoal Members ESB, Fortum, RWE, Uniper, Vattenfall, and chaired by Enel. The group's purposes and ways of working are detailed in the Terms of Reference, which is available on the [Bettercoal website](#).

With the first meeting held in December 2022, the South Africa Working Group met to decide its objectives and

activities for its first year. The group decided to focus on two key objectives, first to support Bettercoal's engagement and recognition with producers in South Africa. Secondly, to build country expertise and support members to better understand the ESG risks related to coal sourcing in South Africa.

The SAWG aims to engage with key stakeholders in the region to help raise awareness of Bettercoal in South Africa. The group will also be doing some work to better understand the specific country issues and risks related to coal mining in South Africa.

Site assessments of committed producers in South Africa are set for 2023, so members of the group plan to observe, if possible, a site-assessment of a South African coal producer against the Bettercoal Code 2.0.

10

COUNTRY WORKING GROUPS

Colombia Working Group

The Colombia Working Group (CWG) was established in 2018 and comprises members EnBW, Enel, ESB, Fortum, RWE, Vattenfall, and is chaired by Uniper. Our collective mission is to develop a coordinated approach to monitor Continuous Improvement Plans (CIPs), enhance country expertise, and tackle systemic mining issues that demand targeted action. The CWG's purpose and objectives are outlined in our Terms of Reference, available [here](#).

Colombia has remained a focal point for Bettercoal since our organisation's inception. It was here that we conducted our first site assessment, and we continue to engage actively with two major coal exporters in the country, Cerrejón and Drummond. Despite ceasing mining operations and relinquishing their mining licence, Bettercoal also continued to actively engage with Prodeco, to ensure we were kept updated on the process and could raise stakeholder concerns with the company.



Progress in 2022

Throughout the year, the CWG pursued three objectives, building upon the progress made in previous years:

1

Monitoring Continuous Improvement Plans of Bettercoal Colombian Producers: CIP monitoring remains a cornerstone of our agenda. Through meetings with Cerrejón and Drummond, we discussed ongoing CIP aspects and the producers' strides toward continuous improvement.

2

Developing and Implementing Actions on Prioritised Contextual Issues: The CWG continued to focus on three contextual issues identified and prioritised in 2020, which continue to be critical issues in Colombia. These issues, stemming from comprehensive risk assessments and stakeholder inputs, include fostering increased dialogue in the peace-building process, access to clean water and water stewardship, and promoting responsible mine closure and economic diversification.

3

Engagement with Colombian Stakeholders: Actively engaging with stakeholders is integral to our approach as a working group. In 2022, the CWG embarked on an in-person engagement programme in Colombia, facilitating meaningful discussions with a wide range of stakeholders, including producers, community and victims groups, dialogue organisations, government representatives, ambassadors, and business organisations. These engagements deepened our understanding of the local context and will inform our future work programme. More information on our programme and the stakeholders we met with can be found [here](#).

Knowledge Sharing and Empowering Change

As part of our ongoing efforts to engage external stakeholders and facilitate knowledge sharing, the CWG hosted a webinar in January 2022 focused on responsible mine closure. The objective of the session was to bring together industry stakeholders and facilitate knowledge sharing on best practices and experiences related to mine closure, to explain how the new Bettercoal Code 2.0 covers responsible closure planning and the Just Transition, as well as exploring approaches to economic diversification planning. The webinar provided a valuable platform for participants to exchange insights and perspectives, fostering a deeper understanding of the challenges and opportunities associated with mine closure and raising understanding with coal producers on how this critical issue will be covered in assessments against the Bettercoal Code 2.0.

Addressing Prioritised Contextual Issues

The CWG's addressed the prioritised contextual issues throughout the week-long in-person engagement programme. A group of five Bettercoal members, including the Chair of the Bettercoal Board of Directors, met with 64 stakeholders, participating in 1-1 meetings, multi-stakeholder sessions, and a forum organised by the trade unions that form the Workers Collective for a Just Transition.

The CWG worked with the Regional Centre for Responsible Businesses and Entrepreneurship (CREER), who facilitated multi-stakeholder meetings with community leaders and local government and institutions on the topic of fostering dialogue and trust-building initiatives in the peace building process, and the just transition.

We also met with the Truth Commission, who provided valuable insights into the findings and recommendations outlined in their **Final Report**, guiding our ongoing discussions with producers regarding stakeholder concerns and their engagement with the Truth Commission process.

Recognising the significance of water stewardship, the CWG undertook a site visit to Cerrejón's mine in La Guajira, visiting the Bruno Creek, and engaging in constructive discussion on water stewardship and sharing experiences from around the world.



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EXTERNAL ENGAGEMENT

A key focus of Bettercoal's external engagement in 2022 was the Colombia programme.

Along with meeting stakeholders, Bettercoal presented on its activities and the topic of mine closure and rehabilitation and how its covered in the Bettercoal Code 2.0 in the 'Just Energy Transition and Decent Work' Forum in September 2022. Bettercoal also held a webinar on responsible mine closure following the launch of

the Bettercoal Code 2.0, which encompasses a standalone principle and expanded provisions on responsible mine closure and rehabilitation.

Bettercoal continued to use its platforms to share content on industry best practice, responsible coal supply chains, and updates on its activities.

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FINANCIAL STATEMENT AND ORGANISATIONAL PERFORMANCE

Bettercoal is financed through the contributions of its twelve Members and two Associates who pay an annual fee for the running of the organisation, which covers engagement and activities of the Country Working Groups, costs linked to the Bettercoal Assessments, including our Assurance Platform and monitoring of Continuous Improvement Plans, and the Bettercoal Standard development. Bettercoal site assessments are now covered by the coal producers.

Secretariat	£359,500
Assessments, CIP Monitoring, Online Platform, Bettercoal Standard	£84,860
Internal Governance	£10,400
Communications	£10,000

Secretariat Operations

Secretariat operations covers the running costs of the Bettercoal Secretariat (3 FTEs) including salaries, benefits and office costs. We include costs relating to our member engagement in this budget area, alongside our external engagement, which covers conferences, as well as other public engagements of the Secretariat (such as travel and accommodation).

Our Country Working Group activities are included in this area, which includes the resourcing of roundtables, specific sector studies, webinars, engagement programmes and other activities relevant to Bettercoal's work in those countries.

Communications

Communications covers all of Bettercoal's communications activities including reports, our online platforms, resources that are produced to widen knowledge of our work and processes, and stakeholder engagement.

Governance

Governance covers all meetings required by Bettercoal's Governance such as the Board of Directors meetings, Annual General Meeting, Members Committee and Technical and Advisory Committee. This also covers any activities on our governance in terms of document reviews and support with AGM preparations.

Assessment Process and Bettercoal Standard

The Assessments and CIP Monitoring budget line covers costs related to assessments of Bettercoal Producers and regular follow-up on Continuous Improvement Plans. As of 2021, Bettercoal Producers pay for site assessment activity, which is why we see a reduction in this line item compared to previous years.

The Online Assurance Platform is also covered in this area, as Bettercoal launched its new online assurance platform in 2022

to improve efficiency and cost-effectiveness for assessment planning, implementation and monitoring. This covers costs associated with running the platform, maintenance and improvements.

The Bettercoal Standard and M&E, which is included in this budget area, covers all costs related to the development of the Bettercoal Code and assurance processes, including the review of our assurance documentation.

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WHY BECOME A BETTERCOAL MEMBER?

To join Bettercoal is to join a global effort to drive change at coal mining operations. The work of Bettercoal supports Members in the due diligence monitoring in their coal supply chains, helping them to meet increasing governmental regulation and stakeholder demands for ESG improvements.

By working together, Bettercoal can act as one voice for all its Members, having more impact on Producer practices.

Value of Becoming a Bettercoal Member

Effective Due Diligence

- Bettercoal is the internationally recognised Standard for assessing, assuring, sustaining and continually improving stringent ethical performance across the coal mining supply chain. By joining Bettercoal, you demonstrate your support for the raising of standards in coal mining.
- The Bettercoal Code is an internationally recognised standard which gives buyers confidence and helps producers identify and manage their risk.

ESG Performance

- Bettercoal supports ESG performance to international expectations, specifically tailored to the coal supply chain. The 12 principles of the Bettercoal Code 2.0 are split equally under the three pillars of ESG.
- By working together, Bettercoal can act as one voice for all its Members, having more impact on Producer practices.

Networks and Collaboration

- Bettercoal Members benefit from peer-to-peer engagement on shared challenges, receiving support from other companies on sustainability issues.

Demonstrate Positive Impact

- Bettercoal promotes the continuous improvement in the mining and sourcing of coal for the benefit of all people impacted by the industry, workers and coal mining communities. Every coal producer in our network has a Continuous Improvement Plan, with actions that need to be taken to meet expectations of the Bettercoal Code.

Meeting Regulatory Requirements

- Bettercoal supports its Members in meeting the increasing regulatory requirements on supply chains.
- Bettercoal allows you to evaluate and monitor your coal supply chain in line with guidelines on responsible supply chains.

Continuous Monitoring

- Risk Management and continuous monitoring of risks and improvements of your coal supply chain.

Valuable Data

- Access credible data about your coal suppliers' operations to help you understand the risks in your supply chain and enable you to make purchasing decisions.

Efficiency in Processes

- Bettercoal conducts assessments on behalf of its Members. This leads to increased efficiency for Members both in terms of time and financial resources.

Knowledge Exchange and Expertise

- Bettercoal Members benefit from the opportunities for knowledge exchange and the expertise around the table in our various working groups and committees.
- Bettercoal also has a country focus approach, providing in-depth analysis and experience on relevant contextual information for your coal suppliers' operations. Through our country-specific working groups Members can build in-country knowledge and expertise.

If you are interested in learning more about becoming a member of Bettercoal, please email members@bettercoal.org for more information.

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WHY BECOME A BETTERCOAL PRODUCER?

Bettercoal Producers are committed to making continuous improvements in environmental, social and governmental performance in their coal operations to align with the Bettercoal Code. This allows Bettercoal Members to make purchasing decisions that improve due diligence across their supply chain.

Value of Becoming a Bettercoal Producer

Credible Information

- Bettercoal conducts credible third-party assessments, which can be used to provide information to future customers.

Identifies Risks

- Our Assessment Process uses expert assessors to identify ESG gaps in your performance, which can be addressed in a custom Continuous Improvement Plan.

Build Trust and Drive Growth

- Independent disclosure of your ESG performance helps foster trusting relationships with stakeholders. Performing better in these areas is an essential part of modern business.

Demonstrate High Performance

- Our thorough assessment will highlight your good practices as well as areas for improvement. Demonstrate high performance to your industry and peers through our reports.

Tell your SDG Story

- Our Continuous Improvement Plan can be linked to the Sustainable Development Goals to help demonstrate positive, sustainable impact through your operations.

Demonstrate Commitment

- To actively addressing key sustainability issues in your coal supply chain.

If you would like to learn more about the assessment process, the Code, or discuss your participation as a Producer, email producers@bettercoal.org



www.bettercoal.org