



Working towards  
a global  
responsible  
coal supply chain

# Policy of Association

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## Bettercoal Policy of Association

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### Cover photo

*RWE AG*

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### Disclaimer

*This document does not intend to, nor does it, replace, contravene or otherwise alter the requirements of the Bettercoal Articles on Association or any applicable national, state or local government laws, regulations or other requirements regarding the matters included herein. This document gives general guidance only and should not be regarded as a complete and authoritative statement on the subject matter contained herein. Bettercoal documents are updated from time to time, and the version posted on the Bettercoal website supersedes all other earlier versions.*



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This Policy governs Bettercoal's Association with coal producers joining the Bettercoal Assessment Process and in effect becoming known as "Bettercoal Suppliers". It outlines the conditions under which Bettercoal will associate and / or disassociate from a Bettercoal Supplier.

For more information on the claims that Bettercoal Suppliers can make, please refer to the [Bettercoal Claims and Logo Use Guide](#).

## 1. Scope

This Policy applies to Bettercoal only, not its individual Members.

## 2. Association

Bettercoal will associate with coal producers following the process below. A coal producer who has become associated with Bettercoal will be known as a Bettercoal Supplier.

A coal producer can become a Bettercoal Supplier by:

- Being sponsored by a Bettercoal Member;
- Asking to join Bettercoal.

In both cases, a screening of the Supplier will be conducted by the Member or by the Bettercoal Secretariat. This screening should include, but not be restricted to, basic environmental, social and ethical standards including:

- Corruption charges
- International sanctions list
- Persons of interest list
- Money laundering
- Financial crime
- Terrorist activities or financing of terrorism

Should any 'red flags' be identified, the coal producer will not be able to engage in the Bettercoal Assessment Process until this red flag has been addressed to satisfaction.

If no 'red flags' are raised, the coal producer will be invited to sign the Bettercoal Letter of Commitment. The signing of this Letter makes the coal producer a Bettercoal Supplier.

As a Bettercoal Supplier, they will be asked to fulfil the different steps of the Bettercoal Assessment Process (see Assessment Manual). Any breach of the process will lead to disassociation as described in the next chapters.



### 3. Disassociation

Bettercoal will choose to not associate or will disassociate with a coal producer following the process below:

- **Step 1: Screening**

Bettercoal or one of its Regular Members will undertake a due diligence of all coal suppliers prior to allowing them to participate in the Bettercoal Assessment Process. Should there be any significant findings which the Secretariat or Regular Members would deem to be a risk by association for Bettercoal, then Bettercoal will not associate with the company in question.

- **Step 2: Letter of Commitment**

Coal producers who have been screened will be asked to sign a Letter of Commitment. Once this letter is signed, the coal producer will be referred to as a Bettercoal Supplier.

The Letter of Commitment clearly outlines the obligations of the Bettercoal Supplier and a failure to meet these obligations will result in Bettercoal disassociating from said Bettercoal Supplier.

- **Step 3: Assessment Process**

Failure to meet the agreed deadlines during the Assessment Process will result in disassociation.

- **Step 4: Reporting on Continuous Improvement Plan**

Failure to report at agreed intervals on the CIP will result in disassociation. Failure to act within required timeframe on Immediate Resolutions will result in disassociation.

**Other triggers:**

- Evidence of breach of screening criteria (for instance evidence of corruption etc.).
- Proven false evidence provided to the assessors during the process.
- “Risk Events” and failure of the Bettercoal Supplier to adequately respond to requests for information from the Secretariat.

### 4. Disassociation Process

Should a Bettercoal Supplier breach their commitments during or after the Assessment Process, Bettercoal will trigger the disassociation procedure. Should delays in the process be due to the Secretariat’s inability to complete the process in time, the disassociation process will not apply.

## 4.1. Breach of Commitment During Step 2 and Step 3

Should the Bettercoal Supplier fail to meet the timelines committed to in the Letter of Commitment, the following process will be followed:

### 4.1.1. Step 2 - Desktop Review (Activity 2.2.1 - Self-Assessment Questionnaire)



- Warning issued by the Secretariat 15 business days prior to the deadline for Self-Assessment Questionnaire completion.
- Final warning issued by the Secretariat on day of the deadline for Self-Assessment Questionnaire.
- Failure to respond or complete the SAQ after the final warning has been issued will result in Disassociation.

### 4.1.2. Step 3 - Site-Assessment (Activity 3.2 – Site-Visit)

- Warning issued by the Secretariat 10 days prior to the date of the Site-Visit is scheduled.
- Final warning issued by the Secretariat the day before the planned Site-Visit.
- Failure to respond or complete the Site-Visit after the final warning has been issued will result in Disassociation.

### 4.1.3. Step 3 – Site-Assessment (Activity 3.3 - Draft Assessment Report)



- Warning issued by the Secretariat 5 business days before the deadline to submit comments and feedback on the draft Assessment Report was sent by the Lead Assessor.
- Final warning issued by the Secretariat 1 business day before the deadline to submit comments and feedback on the draft Assessment Report was sent by the Lead Assessor.
- Failure to respond after the final warning has been issued will result in Disassociation.

## 4.2. Breach of commitment during Step 4



Bettercoal Suppliers are expected to meet the timelines agreed to in the Continuous Improvement Plan. The following breaches of commitment will lead to the Disassociation Process:

- Bettercoal Supplier fails to act on Immediate Resolutions within the agreed timescale.
- Bettercoal Suppliers fails to report at least twice a year on their Continuous Improvement Plan.
- Bettercoal Supplier fails to demonstrate progress on any item in their Continuous Improvement Plan within one year of completion of Step 3, Site-Assessment.

## 4.3. Process

### 4.3.1. Warnings

The Bettercoal Secretariat will always issue a warning to a Bettercoal Supplier that they are close to the deadlines they have committed to. This warning will come in writing (by email) to the Bettercoal Supplier's chosen contact person.

An extension period can be granted by the Secretariat provided the Supplier request it before the final warning is issued.

### 4.3.2. Final Decision

Should a Bettercoal Supplier fail to meet the deadlines, fail to make contact with the Secretariat following warnings and fail to request and be granted an extension period to meet the deadlines, the Secretariat will notify the Supplier that they are no longer a Bettercoal Supplier.

### 4.3.3. Notification

Once the Secretariat has informed a Supplier that they are no longer a Bettercoal Supplier, they will also perform the following steps:

- Notification of all Bettercoal Members.
- Removal of the Bettercoal Supplier from the Bettercoal website.
- Notice of disassociation published on the Bettercoal website.



- Termination of the Bettercoal Supplier's access to the Bettercoal IMPROVE Platform.
- All data pertaining to the Bettercoal Supplier from Bettercoal's Record Keeping system will be deleted after 12 months except Assessment Reports and draft Assessment Reports which remain the property of Bettercoal. Bettercoal retains the right to keep documentation for a longer period of time should the Bettercoal Supplier be the object of a complaint to Bettercoal or OECD and any other internationally recognized complaints mechanism.
- Monitor that the Bettercoal Supplier is no longer using any of the Bettercoal (Assessed) Supplier logos or claims.

#### **4.4. Documentation**

Bettercoal Members connected to a Bettercoal Supplier through the Bettercoal IMPROVE Platform will be able to access draft Assessment Reports, Assessment Reports and Continuous Improvement Plans even if Bettercoal disassociates from a Supplier.

### **5. Appeals Procedure**

Bettercoal Suppliers can appeal the decision to disassociate. The appeals procedure follows the Bettercoal Complaints Procedure which can be found on the [Bettercoal website](#).

### **6. Rejoining Bettercoal**

A Bettercoal Supplier from whom Bettercoal disassociated can apply to rejoin the Assessment Process a given period of no less than six (6) months provided the disassociation was not on the following grounds:

- Evidence of breach of screening criteria (for instance evidence of corruption etc.).
- Proven false evidence provided to the Assessors during the process.

Any application to rejoin the Bettercoal Assessment Process will be discussed and determined by the Technical & Advisory Committee who will make a final recommendation to the Board of Directors.

### **7. Terms & Definitions**

- 'Association' with Bettercoal is established through the Supplier's formal participation in the Bettercoal Assessment Process.
- 'Disassociate' means to separate from association.
- 'Involvement' refers to either direct or indirect involvement:
  - 'Direct involvement' means a situation in which the associated Bettercoal Supplier is first-hand responsible for unacceptable activities.





- ‘Indirect involvement’ means a situation in which the associated Bettercoal Supplier is involved with another entity, as a parent or sister company or subsidiary in which it has a controlling interest, which is directly involved in unacceptable activities. Indirect involvement also includes activities performed by subcontractors when acting on behalf of the associated entity.

‘Risk Event’ refers to unacceptable activities involving a Bettercoal Supplier with which Bettercoal has a formal association which can be brought to the attention of Bettercoal’s management by Bettercoal staff, by affected stakeholders or through Bettercoal’s formal grievance mechanism as per the Bettercoal Complaints Mechanism.

- ‘Supplier Screening’ is ensuring that Members have performed some basic environmental, social and ethical standards due diligence on the Supplier before they join the Assessment Process.
  - ‘No disassociation’ applies when Bettercoal chooses not to engage with a supplier following the ‘Supplier Screening’ results.
  - ‘Disassociation’ can be applied only after the Supplier has signed the Letter of Commitment.