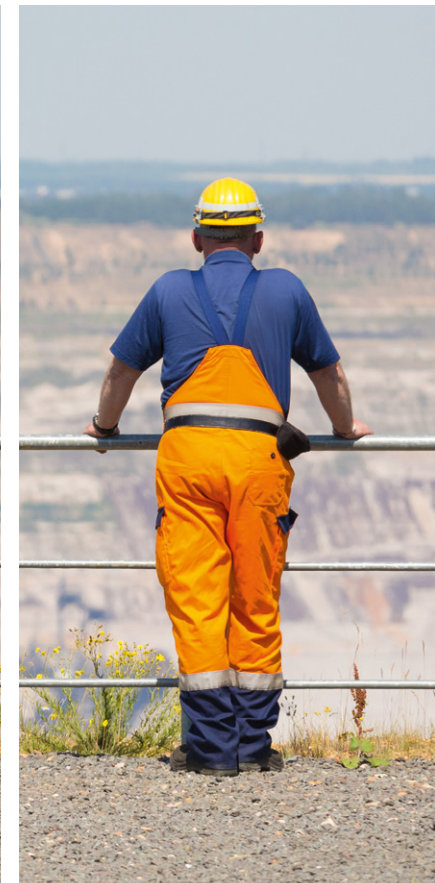




Working towards
a global responsible
coal supply chain.

Annual Report 2017



Responsible mining is essential to the sustainable growth of our societies. And 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. Therefore, it was important to create an internationally recognised standard for the coal mining industry allowing both the producers and the buyers of coal to have confidence and manage the risks in their supply chains.

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Nikolaus Valerius

Chairman Bettercoal Board of Directors

Preparing for the future

The coal industry is changing, especially in Europe. While coal still accounts for close to 40% of the world's power generation, the consumption of hard coal in Europe is clearly shrinking. Coal remains relevant as does a sustainable coal supply chain which is why Bettercoal still has 13 Members and 4 Associate Members. But this does not mean Bettercoal's Membership isn't evolving with the market. EDF left at the end of 2017 and JERA Trading joined, the first Asian company to do so.

Over the course of 2017, further progress has been made in the implementation of the country prioritization strategy. Three out of four big mining companies in Colombia are now Bettercoal Suppliers, with Prodeco completing a Self-Assessment Questionnaire in late 2017 and a Site-Assessment for Cerrejón planned in 2018. Major steps forward were also made in Russia with two assessments completed in 2017 and more planned in 2018. Bettercoal also increased its stakeholder engagement with the visit of a South African delegation of governmental representatives, companies and NGOs taking place in The Netherlands and Germany, and a delegation of Bettercoal meeting stakeholders in Colombia. Bettercoal's presence in other

countries has also increased with assessments in Russia, Kazakhstan and the USA being conducted.

Bettercoal is making every effort to position itself for the future. At the beginning of 2017 Anne-Claire Howard started as new Executive Director. Under her leadership and guidance Bettercoal began a series of changes to improve the organization. This included a significant overhaul of the Assessment Process, as well as improved communications and online presence.

These steps will contribute to prepare Bettercoal for the oncoming challenges. Declining focus on hard coal imports in Europe is just one aspect. The increase in mining standards for reliable sourcing is another. This is why Bettercoal will always seek to form alliances and to cooperate with other initiatives to further shape a sustainable coal supply chain.

FOREWORD FROM THE EXECUTIVE DIRECTOR



Anne-Claire Howard
Executive Director | Chair Technical
& Advisory Committee

I joined Bettercoal as Executive Director in January 2017 and my first year was both challenging and exciting. I am pleased to report that over the course of the year, Bettercoal has made significant strides forward. There is still a long road ahead of us, but we are on the right course.

In January 2017, Bettercoal had conducted six Site-Assessments. By December, we had conducted 11. Over the course of 2017, we started working on refreshing the Bettercoal Assessment Process in close collaboration with our Technical & Advisory Committee to ensure our process remains rigorous and up-to-date.

Bettercoal also started developing a Country Prioritisation Strategy allowing us to not only grow Supplier participation in priority countries, but also develop a better understanding of the issues and develop a network of stakeholders. We organised a Members trip to Colombia in March 2017 and I have personally engaged with key stakeholders in Russia and South Africa, two other priority countries. Another landmark for Bettercoal was our first Site-Assessments in the USA and in Kazakhstan.

We also looked at building new partnerships for the organisation and we were particularly proud to become signatories of the UN Global Compact in August 2017 and to sign a non-

binding Memorandum of Understanding with the World Coal Association in October 2017. I strongly believe that we can only truly affect change in the coal supply chain by working with all stakeholders.

We closed the year having reached most of our objectives, except one: growing our Membership. Therefore, the next few years will have to focus on continuing to deliver rigorous Assessments, following up on Continuous Improvement Plans, assessing and measuring the impact of Bettercoal on the ground and growing our Membership. We will continue to engage with all stakeholders and seek to build meaningful and long-lasting collaborative relationships with other organisations.

The use of coal for power may be declining in Europe, but I remain steadfast in the belief that, as long as coal is being used - whether for power, steel, cement or any other process - we must ensure that this coal is being produced responsibly and that the entire value chain takes responsibility. Bettercoal is the only organisation that can help accomplish this.

OUR PURPOSE AND VALUES

Our Purpose

Our purpose is 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.

4 VALUES

1 CONTINUOUS IMPROVEMENT

Bettercoal promotes the continuous improvement of coal mining by assessing its Suppliers and of coal sourcing by working with its Members to improve their sustainability practices. Our Approved Lead Assessors engage with Bettercoal Suppliers from the outset of the Supplier Assessment Process and impart their knowledge of best practice throughout the entire process.

2 TRANSPARENCY

Bettercoal commits to high levels of transparency by reporting on our Members' obligations and performance, sharing the high-level outcomes of our Supplier Assessments and publishing all the relevant documentation on the Bettercoal website.

3 STAKEHOLDER ENGAGEMENT

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

4 RISK-BASED APPROACH

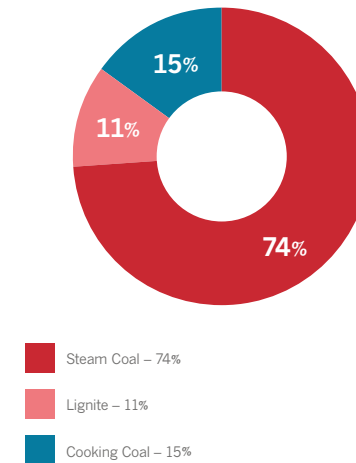
Bettercoal follows a risk-based approach in its assurance to increase the efficiency of the Supplier Assessment Process and provides pertinent information to Bettercoal Members on responsible mining practices, while reducing the assurance burden for mining companies.

The International Energy Agency's 2017 Coal Report highlighted the dichotomy of the coal market: on the one hand, "coal is under pressure in many regions for its contribution to greenhouse gases and is being squeezed out in power generation by cheap and abundant natural gas and fast-growing renewables", whilst consumption grew in coal's three largest markets China, India, and the United States. This growth is unlikely to be sustained, except perhaps in India, but neither is coal going away just yet. It still remains crucial in the quest for easily accessible, cheap and reliable energy. It also remains a key component for steel and cement manufacturing: no wind turbines without coal for the moment.

This is why we must remain committed to a responsible global coal supply chain to ensure that as long as coal is being used, it is being produced responsibly. And as an organisation, Bettercoal must grow to develop in coal's growth markets.

80%
of the coal purchasing
volume comes from Bettercoal
Suppliers that have completed
at least the Self-Assessment
Questionnaire (Fortum)

World coal production in 2016 (MT)

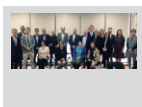


Source: iea.org

HIGHLIGHTS OF 2017

**January**

Anne-Claire Howard becomes new Executive Director

**March**

Country visit to Colombia

Released new version of the Bettercoal online platform

**April**

Organised webinars for Members and Suppliers on the Bettercoal online platform

**May**

Stakeholder engagement in Russia

KRU Site-Visit on Continuous Improvement Plan

Bettercoal Code Provision 5.4 was updated to reflect alignment with the OECD Due Diligence Guidance on Conflict-Affected and High-Risk Areas

**June**

Bettercoal joined ResponsibleSteel as Associate Member

Began discussions on interoperability with other standards in mining/metals sector

**July**

Stakeholder engagement in South Africa

**August**

Bettercoal registered as a participant to the UN Global Impact

Started working on the new Bettercoal brand

**September**

SDS-Ugol Site-Assessment

**October**

Anne-Claire spoke at WCA's event, marking Bettercoal's first interaction with the SDGs

Bettercoal signed MoU with World Coal Association

**November**

Foresight Energy Site-Assessment

Stakeholder engagement in Germany and the Netherlands with representatives from South Africa

Shubarkol Site-Assessment

Started gathering input for the new Members' commitments as part of MIRO Phase 3 development

**December**

New Supplier Assessment Process, Claims and Logo Use Guide, Bettercoal Code Review Procedure and new Lead Assessor programme approved by the Board of Directors

United States

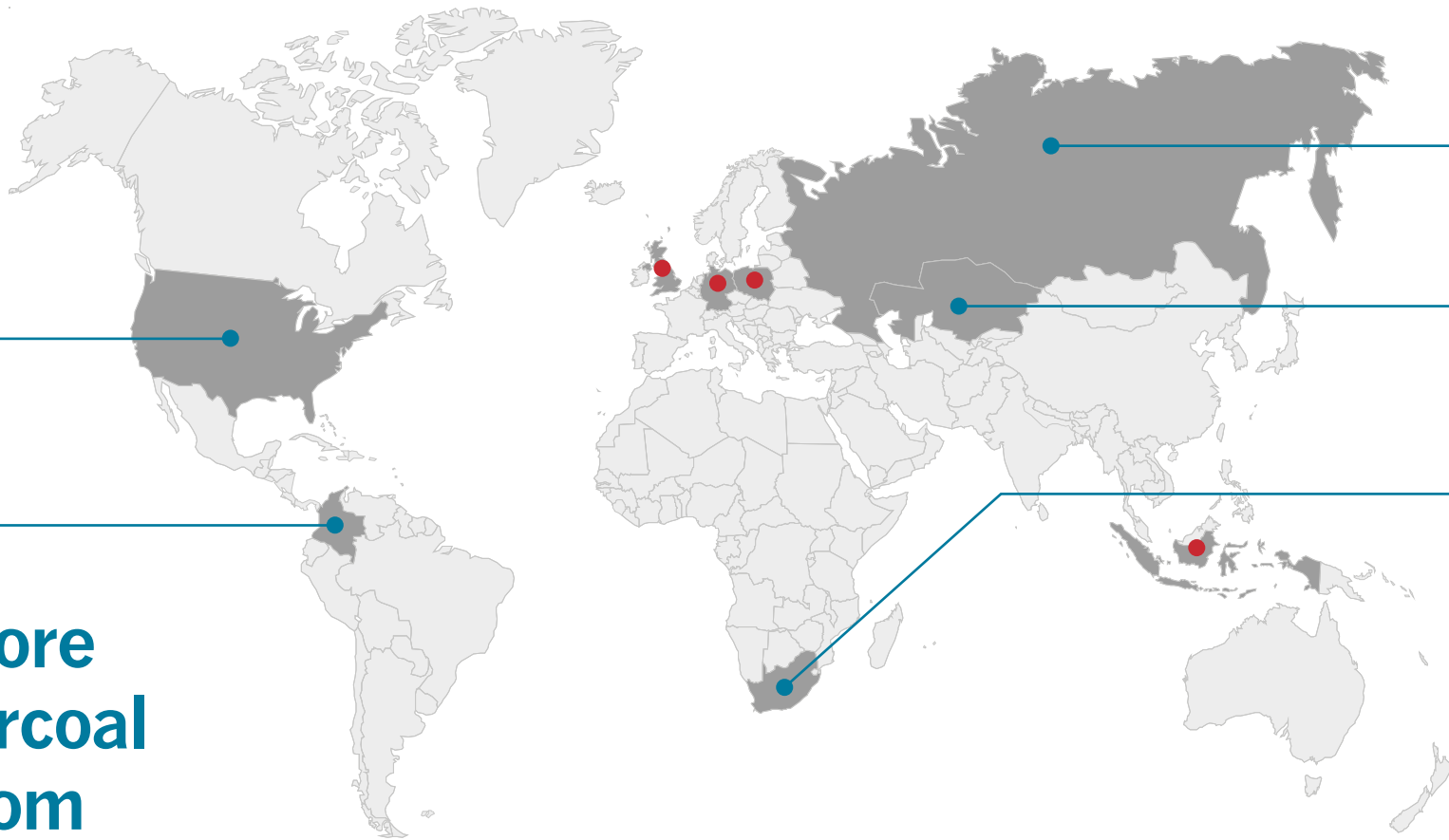
Bettercoal had its first Site-Assessment in the United States and Foresight Energy became an Assessed Supplier.

Colombia

Bettercoal engaged with all four major Colombian coal producers during a country visit that took place in March 2017. Three of them are now Bettercoal Suppliers.

Only 9 countries produce more than 100Mt/y of coal. Bettercoal works with coal suppliers from 5 of these countries:

Germany, Indonesia, Russia, South Africa and the United States.



Key

- Previous Bettercoal Assessments
- 2017 Bettercoal Assessments and country engagements

Russia

One Site-Assessment at SDS-Ugol and a site-visit on the Continuous Improvement Plan for Kuzbassrazrezugol Coal Company OJSC were conducted in Russia in 2017.

Kazakhstan

Kazakhstan was also a first for Bettercoal in 2017, with Shubarkol Komir JSC becoming an Assessed Supplier.

South Africa

Despite decreasing coal exports to Europe, South Africa remained a priority country for Bettercoal and engagements with coal producers and other stakeholders took place throughout the year.

The majority of the Bettercoal Suppliers came from 6 of the top 10 major coal producing countries (USA, Russia, South Africa, Indonesia, Russia, Kazakhstan).

BETTERCOAL ASSURANCE SYSTEM

During 2017, Bettercoal Members and the Technical & Advisory Committee (TAC) continued to work on revising the Assurance System for Bettercoal Code. In addition to regular teleconferences, two in-person TAC meetings were held in Bogota and Paris to discuss and find agreement on important areas. These included the Assessment Scope, Assessment Rating and Cycle, Sampling Methodology and claims.

Most importantly, agreement was found on the new Assessment Process, which now includes five mandatory steps:

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 located 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 the 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.



BETTERCOAL ASSURANCE SYSTEM



One of the main benefits of becoming a Supplier, is that the Bettercoal Assessment is recognised by all Members, therefore reducing the need for multiple onsite assessments from clients. Bettercoal, the TAC and its Members had an in-depth look this year to ensure that additional due diligence efforts conducted by Members are integrated in the new Assessment Process as well.

Examples of these ‘member touchpoints’ include:

- During the Desktop Review, Members can send information about the Supplier to the allocated Lead Assessor.
- During the Site-Assessment, Members can register as an Observer for the Site Visit. The purpose of this activity is to be able to explain to Suppliers the purpose of Bettercoal and the importance that the overall Assessment Process plays directly in Members’ due diligence, gain a better understanding of the implementation of the Code in situ and share previous experience or assessments of Suppliers with the Assessors.

Bettercoal also continued its engagement with the ISEAL Alliance and similar standards organisations within the mining, energy and minerals space to discuss collaboration and interoperability opportunities where possible.



OJSC Coal Company Kuzbassrazrezugol (KRU) is one of Russia's major companies operating in the open-pit coal mining industry. For more than 50 years, KRU has been exploiting unique coal reserves of the Kuznetsk coal basin.

OJSC Coal Company Kuzbassrazrezugol (KRU) is one of Russia's major companies operating in the open-pit coal mining industry. For more than 50 years, KRU has been exploiting unique coal reserves of the Kuznetsk coal basin.

Being the largest producer of high quality hard coal in Russia, the company incorporates 11 open pit mines and 1 underground mine located in Kuzbass. KRU exploits 16 coal deposits. Coal reserves in-place amount to more than 2.5 billion tonnes. The annual coal production of KRU is 46-48 million tonnes. Around 70 % of coal is delivered for exports. The share of KRU reaches almost one fifth of Russian total coal exports.

KRU was established on May 19th, 1964 as a specialized industrial complex. Since 2006, KRU

has been managed by the Ural mining and metallurgical company (UMMC-Holding) which incorporates almost 50 enterprises, involved in mining, metallurgical and construction industries.

Ensuring production activities that minimize the adverse impact on the environment and restoring ecological balance on the mined territories are the key priorities of KRU. For many years, the Company has been carrying out land reclamation at open-pit mines, constructing the modern pollution control facilities and planting trees. Biological reclamation of surface mined land is carried out with 3000 trees per a hectare planted. Thus, over the last five years more than one million new trees have been planted on the territory of the open-pit mines of the Company. Meanwhile,

20%
of Russian
coal exports

17,000
Employees

the Company not only restores the degraded mined lands, but also improves plant species diversity.

KRU is also focused on performing social programs and projects, aimed to improve living standards of the employees of the Company and other Kuzbass residents. The Company actively supports Kemerovo regional development initiatives according to the terms and conditions of the partnership agreement with the Kemerovo region administration. KRU is engaged in numerous sponsorship and charitable activities. The Company invests in construction of churches, municipal improvements, maintenance and repairs of roads, residential real estate, hospitals, schools and sport facilities.

The human capital is a core value of KRU. There are 17 000 employees working for the Company. KRU undertakes a number of social activities ensuring well-being of its employees, their family members and retirees. The list of social benefits and perks offered to the employees of the Company, their family members and retirees, is stated in Collective Bargaining Agreement between KRU and Kemerovo local organization of Russian independent trade union of mining sector employees (Rosugleprofsoyuz).

KRU welcomes Bettercoal's initiative to unify international standards for coal manufacturers, suppliers and consumers throughout the world. Its streamline efforts towards a common set

of rules, requiring a high level of business transparency and information disclosures, as well as compliance with legal, environmental and ethical norms.

As the leading exporter of high-quality coal, KRU became the first Russian coal company that went through the Bettercoal Assessment Process: completed the Self-Assessment Questionnaire in April 2015, the Site-Assessment in November 2015 and a Site-Visit on the Continuous Improvement Plan in May 2017. The Assessment Scope included KRU's Corporate Office, Kedrovsky Coal Strip Mine, Krasnobrodskiy Mine Site, Batchatsky Mine, Taldinsky Mine, Mokhovskiy Coal Strip Mine and Kaltansky Coal Strip Mine. As a result, KRU became an official Bettercoal Supplier, confirming its commitment to continuous improvement and implementation of the Company's activities in accordance with international advanced industry standards and principles.

KRU is proud to contribute to the efforts of improving the global coal industry and to help build it up to be based on trust, shared responsibility, commonality of interests and values.

Bettercoal opens a valued set of new relations and opportunities for the participants of the coal market and offers a pragmatic and progressive vision for the evolution and future of the world's coal industry.



WHAT SUPPLIERS SAY ABOUT BETTERCOAL



Alex P. O'Neill
PE, Account Executive,
Murray Energy Corporation

"Bettercoal is instrumental in allowing Foresight Energy LP (FELP) to continue to transact in

the global coal marketplace. FELP supports Bettercoal's vision of "working towards a global responsible coal supply chain". Bettercoal also enables FELP to provide assurances to our customers that it is firmly

dedicated to sustainable practices, transparency and continuously improving our mining operations in order to provide essential, low-cost electricity throughout the world."



Leonid Rybak
Manager, MIR Trade AG

"The Site-Assessment of JSC HC SDS-Ugol took place in September 2017 and included visiting the underground and the surface mines, as well as the washing plants. MIR Trade AG

regards to the cooperation with Bettercoal and treats this process as extremely important for the continuous improvement and sustainable development of the Company. Bettercoal supports us and provides all the necessary guidelines for implementing world best known practices and

improving our internal processes and procedures on all stages of the Assessment Process. Bettercoal is one of the main drivers for making the world coal industry more reliable and responsible."



Mark McManus
President, Prodeco Group

“Glencore has been an active member of Bettercoal for many years through its participation on the Technical & Advisory Committee, contributing to the design and development of the Bettercoal Code itself and its associated Assurance process. We have hosted a number of Bettercoal delegations in Colombia and South Africa and this year Prodeco and Cerrejon (NMJV) will participate in the Bettercoal Assessment.

We will continue to support the Bettercoal Initiative so long as the

process remains consistent, fair and transparent. We believe it will only be successful when all coal suppliers are bound by the same standards and Bettercoal Members demonstrate their commitment to the initiative and process and this will lead to a single assessment rather than having several assessments done independently by the customers. We expect that Bettercoal will enforce a fact-based approach that leads to a proactive conversation on Continuous Improvements Plans (CIPs). Once we successfully complete the Site-Assessment and develop a CIP, we expect our customers to proactively and publicly defend their coal

purchases and rely on this assurance process for their due diligence rather than multiple customer audits.

The coal industry in Colombia faces several challenges in terms of legal stability and implementation of the peace agreements. Prodeco believes that through a proactive engagement with the new government and through public private alliances that promote the sustainable development of the regions where we operate, we can manage these challenges.”



The covenant builds on and is in part executed through Bettercoal, which primarily 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.’

act:onaid

South Africa is home to 3.5% of the world’s coal resources according to the Minerals Council South Africa, and it is the 7th largest coal producing nation according to the IEA. Coal still provides more than 80% of the power generated in South Africa.

Extractive industries remain one of the central drivers of the South African economy, but it is also a very divisive and contentious topic. It is a sector where corruption, poverty, conflict and inequality are prevalent, and it is often felt by stakeholders that few strides have been made to redress and substantively transform the sector. More often than not, it is women that are forced to sustain the costs of the extractive industry while reaping little to no benefits.

The role of States becomes decisive in disrupting these cycles- by instituting novel

interventions states can effectively shift power and address the causes that spawn structural discrimination prevalent within the mining and extractive industry. To this end the Coal Covenant signed in 2014 between the Dutch government and energy companies, wherein specific agreements were made to ensure the rights of people and the environment are respected throughout the coal supply chain, is an important initial step.

The covenant builds on and is in part executed through Bettercoal, which primarily 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 has engaged with ActionAid South Africa (AASA) on a number of occasions,

3.5%
of the world’s coal resources
come from South Africa

80%
of power generated
in South Africa
requires coal



during the multi-stakeholder visit to South Africa in 2016 and the visit of the South African delegation to the Netherlands and Germany in November 2017, to name a few. Anne-Claire Howard, Bettercoal Executive Director asked Fatima Vally, AASA's Mining and Extractives Project Manager for a viewpoint on *Bettercoal*.

Anne-Claire Howard (ACH) Bettercoal Executive Director: What would you consider to be Bettercoal's limitations at this point in time?

Fatima Vally (FV) AASA's Mining and Extractives Project Manager: During Bettercoal's visits and engagements, the limitations of Bettercoal, as the vehicle towards realising the aims of the covenant, became quite clear, in that:

- **Assessment Report** – Once Bettercoal concludes its assessment of a coal mining company, the full report is not made

publicly available. This does not lend toward achieving transparency, accountability and improving conditions within the supply chain.

- **In the Interest of Business** – Bettercoal is premised on a voluntary agreement and businesses might use their participation in Bettercoal as an undertaken of their commitment towards responsible and good cooperate governance.

ACH: Although the Assessment Report cannot be made public due to confidentiality constraints, in 2018 we will be publishing summary reports that will include an overview of the performance of each Bettercoal Supplier against the Code. We will also be asking Suppliers to report and demonstrate progress against their Continuous Improvement Plans in order to remain Bettercoal Suppliers.

With this in mind, what do you think the role of Bettercoal Members should be?

FV: While Bettercoal is indeed making efforts to improve the standards of the initiative and improve transparency, it does not substantively address the key challengers within the supply-chain and leaves ample space for companies to manoeuvre and relegate their liability in ensuring that the rights of marginalised mining affected communities and particularly women in those communities are respected. Bettercoal

as an industry scheme, that is fully dependent on its Members to continue, can only be as ambitious as its Members allow it to be. If there is no strong push or incentive for Members to execute their due diligence thoroughly, either by legislation or strong market push the quality of efforts like Bettercoal will be limited.

ACH: Finally, what do you think the role of governments should be?

FV: Governments must take stronger actions to ensure that companies investing in coal and energy chains are not directly or indirectly complicit in gross human rights violations. Foreign trade policies must be reviewed and strengthened to ensure that at the very least human rights due diligence obligations are a mandatory requirement that is regularly monitored.

WHAT OTHER ORGANISATIONS SAY ABOUT BETTERCOAL



Benjamin Sporton
Chief Executive,
World Coal Association

“We signed an MOU between our two organisations in 2017, reflecting the strengthening relationship between WCA and Bettercoal. We work together

constructively on our common objectives, particularly on the issue of the sustainable production and use of coal. Bettercoal has assisted us in our work on coal and the Sustainable Development Goals, helping us to build relationships with key stakeholders as we organise a series of roundtables in

2018. We’ve also benefited from their expertise, as the Bettercoal team have provided feedback and guidance on our work on coal and the SDGs. We’re looking forward to further collaborative efforts, as we support each other’s work to promote sustainable coal mining.”



Steve Kenzie
Executive Director,
UN Global Compact Network UK

“Bettercoal is a great example of a membership supply chain initiative striving to contribute to the delivery of the UN Sustainable Development Goals by working with

all stakeholders from the coal value chain. It is great to see that the Bettercoal Code, which drives the Bettercoal Assessment Process, mirrors the Global Compact’s Ten Principles on human rights, labour, environment and anti-corruption. Moreover, Bettercoal’s participation in the UNGC Network UK SDGs

Reporting working group brings a different perspective to the table and encourages organisations to make a change and have a tangible impact on the ground.”



Steven Verbeek

Director Fuels, Vattenfall

Why is sustainability important for the coal supply chain?

As many participants in many industries have realized in the last decade, doing business brings along certain responsibilities even if one is an end-consumer far away from where the product was produced. This is especially true for industries that consume coal or other mined products, given how many people, communities, governments, companies and other stakeholders, sometimes in high-risk countries and vulnerable areas, are potentially affected (positively or negatively). Having a

detailed picture of the CSR-related risks on the ground in the coal supply chain is therefore crucial for us here at Vattenfall, in order to be able to buy from best-in-class coal suppliers. While Vattenfall's aim is to be fossil-free within one generation, until we have reached that goal Vattenfall is committed to be a sustainable and responsible coal buyer.

What is your company's approach to having a sustainable supply chain?

Vattenfall is governed by a number of policies to ensure the sustainability of our business operations: Our sustainability framework is based on the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the



UN Guiding Principles on Business and Human Rights. Our Code of Conduct for Suppliers defines the basic principles that all our business partners supplying us with anything from fuels to engine parts, are expected to adhere to in the areas of human rights and working conditions, environment and business integrity. Important to mention is that as a company we prefer to co-operate with our suppliers in order to achieve on-the-ground improvements, rather than disengage when development areas are identified. And where possible, we work together with industry initiatives like Bettercoal.

How does your company manage the risks in the coal supply chain?

We run a continuous due diligence process, that we constantly improve along the way. We screen our coal suppliers on their CSR performance to make a fact-based decision on whether to buy from a supplier or not. The decision whether to include a mining company on our list of eligible suppliers is taken by a cross-functional board (Responsible Sourcing Board). In case this board identifies areas of

improvement, we reach out to the suppliers, via Bettercoal or directly. So, as you can see, the Bettercoal Assessment Process plays an important role in our processes, in terms of:

- getting the facts together and
- engaging with coal suppliers if/when necessary to improve on CSR performance.

Where needed – like in high risk countries such as Colombia – we have and will perform additional efforts to identify our main risks in the supply chain. We have already conducted a Human Rights Risk Assessment in Colombia in 2017 which we are now discussing with Bettercoal and its Members on how to integrate that in the Bettercoal system. For possible upcoming similar exercises, we look forward to cooperating with Bettercoal as much as possible.

What are the benefits of your company being a Member of Bettercoal?

Three benefits of being a Bettercoal member stand out and are of key importance to us:

- First, we receive in-depth information on the environmental and social performance of our coal suppliers through the Bettercoal Site- Assessments, which then serves as input for our own internal supplier approval process.

- Second, via Bettercoal we participate in the Continuous Improvements Plans resulting from the Site-Assessments and given the open communication with and commitment from participating coal mining companies, tangible improvements within the coal supply chain can be achieved.
- Finally, as a Member of Bettercoal we are in a position to actively contribute to the Bettercoal framework and ensure that the Bettercoal standards and our own are aligned.

Why would you encourage other companies to join Bettercoal?

Responsible sourcing will become ever more important – owners and customers of utilities simply demand that procurement is done without negatively affecting people in the country of origin. This is an irreversible trend, whether in Europe, the Americas or Asia. Where coal and CSR are concerned, Bettercoal is the go-to organization, having built up the infrastructure including the Bettercoal Code, the processes, the Continuous Improvement Plans, the independent and qualified Assessors, open communication channels with the mining companies, and so on. And crucially, Bettercoal has already performed Site-Assessments on a large number of the key coal producers. We also feel that Bettercoal is a good initiative to increase leverage for an individual energy



company, in line with the recommendations in the OECD Guidelines for due diligence. And last but not least, for coal mining companies too there is a clear benefit of engaging with only one organization such as Bettercoal, with clear processes and standards, rather than with individual buyers each with their own audits.

BECOME A BETTERCOAL MEMBER

Bettercoal Members are the initiative's ambassadors and they are using the results of the Bettercoal Assessments in their due diligence processes and purchasing decisions. This generates a re-enforcing loop of continuous improvement and recognition in the coal supply chain.

Why join?

COST-EFFICIENCY

Bettercoal conducts assessments on behalf of its Members. This reduces your costs and creates efficiencies.

INFLUENCE

By joining forces, coal buyers are able to have more impact on Supplier practices than if acting by themselves.

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.

DEMONSTRATE IMPACT

Joining Bettercoal allows your company to participate in a global effort to drive change at coal mining operations and throughout the coal supply chain.

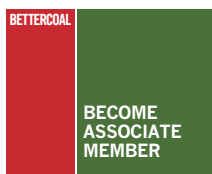


Benefits for Bettercoal Regular Members:

- Access to all the Bettercoal Assessed mines information and reports.
- Attend, speak and vote at the general assembly.
- Apply to sit on the Board of Directors.
- Use the Bettercoal logo and associated claims.
- Participate in Bettercoal working groups.

Bettercoal Regular Members commit to:

- Publicly endorse Bettercoal, its purpose, its values and its objectives.
- Implement the Bettercoal Code and Bettercoal tools in their due diligence processes in the coal supply chain.
- Implement the Bettercoal Code in their supply chain through engagement and collaboration with coal suppliers and the use of Bettercoal tools.
- Participate in and contribute to the collective action of Bettercoal and provide information for the purposes of Bettercoal's annual report.
- Recognize and promote the Bettercoal Code as a standard for social, environmental and ethical performance in the coal supply chain.
- Undergo the Bettercoal Assessment Process in their owned / part owned coal mining operations.



Benefits for Bettercoal Associate Members:

- Use the Bettercoal Code, guidance and assessment tools.
- Use the Bettercoal logo and associated claims.
- Attend and get speaking opportunities at Bettercoal Annual General Meetings.

Bettercoal Associate Members commit to:

- Publicly endorse Bettercoal, its purpose, its values and its objectives.
- To participate and contribute to the collective action of Bettercoal.

OUR MEMBERS

Regular membership is open to major end-users of coal, including energy utilities as well as industrial users such as steel and cement manufacturers.

Associate membership is open to companies and incorporated organisations involved in the coal supply chain as well as their trade associations and other associations representing such businesses.

Branche
Organisatie Zeehavens



Meaningful change in the coal supply chain can only be affected by working together will all stakeholders. Bettercoal is continuously engaging with government representatives, civil society organisations, NGOs, trade unions,

standards organisations and other stakeholders across the value chain to increase transparency and drive continuous improvement in the coal mining industry.



ISEAL is the global membership association for credible sustainability standards. Its members are sustainability standards – such as Fairtrade International, FSC, MSC, UTZ and RJC – that meet the ISEAL Codes of Good Practice and promote measurable change through open, rigorous and accessible certification systems.

Bettercoal supports the ISEAL mission and has been an ISEAL Subscriber since April 2015. Where possible, Bettercoal aims to follow the ISEAL Codes of Good Practice and Credibility Principles in developing its standards and assurance systems.



Ministry of Foreign Affairs of the Netherlands

In 2014, the energy companies Essent (now RWE), EPZ, Nuon, E.ON Benelux (now Uniper) and GDF SUEZ (now ENGIE) signed a covenant with the Minister for Foreign Trade and development Cooperation, Lilianne Ploumen and the Minister of Economic Affairs, Henk Kamp, which confirmed concrete agreements on the efforts of the Dutch government and the energy companies that should lead to improvements in the coal supply chain. Bettercoal is the identified industry mechanism in the covenant through which the power companies conduct independent assessments at their coal suppliers.



ResponsibleSteel is a new multi-stakeholder standard and certification initiative established in 2017. ResponsibleSteel is working to develop a standard and certification system for the steel industry, aiming to launch by the end of 2019. Bettercoal is an Associate Member of ResponsibleSteel and participates in the Mining Working Group.



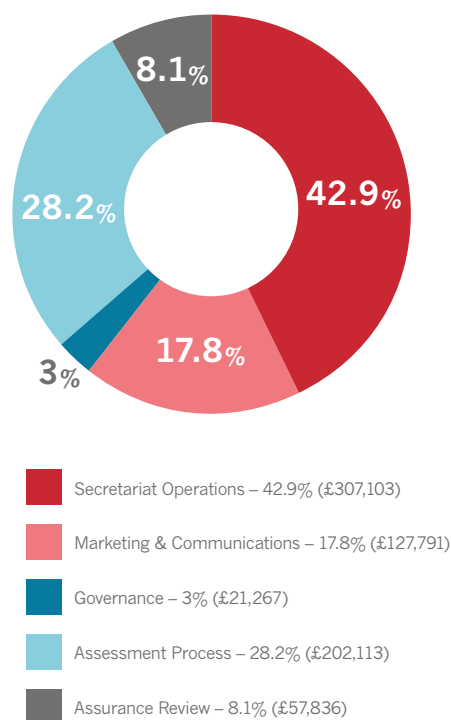
United Nations
Global Compact

Bettercoal has been officially registered as Participant to the United Nations Global Compact (UNGC) on the 17th of August 2017. As part of Bettercoal's support to the UNGC and commitment to the Ten Principles on human rights, labour, environment and anti-corruption, we recognise that the achievement of the Sustainable Development Goals (SDGs) plays a significant role in continuously improving our world.



The World Coal Association is the global network for the coal industry. Formed of major international coal producers, it works to demonstrate and gain acceptance for the fundamental role coal plays in achieving a sustainable, lower carbon energy future.

In 2017, Bettercoal spent 97% (£716,111) of its annual revenue (£763,776):



- **Secretariat Operations** covers the running costs of the Bettercoal Secretariat (3 FTEs) including salaries, benefits, office costs as well as all costs related to Member engagement and growth (such as travel and accommodation).
- **Marketing and Communications** covers all of Bettercoal's marketing activities including branding, attendance at conferences and stakeholder engagement.
- **Governance** is the budget line allocated for all meetings required by Bettercoal's Governance such as the Board of Directors meeting, Members Working Group, Technical & Advisory Committee.
- The **Assessment Process** spend covers all costs related to assessment of Bettercoal Suppliers: 7 Assessments started in 2017 including 7 Desktop Reviews, 4 Site-Assessments and 2 CIPs under monitoring.
- The **Assurance Review** covers all costs associated to the in-depth review of the Bettercoal Assurance System including the development of an online platform.

Bettercoal aims at spending an increasing proportion of its budget on the Assessment Process with over 50% of the budget being allocated to this in 2018 whilst maintaining overheads at a minimum, and never more than 40% of budget.

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