



Working towards a global
responsible coal supply chain

Bettercoal Assessment Public Report: Taldinskaya Mining Company



Taldinskaya Mining Company, a Bettercoal Supplier since 2017, is committed to a continuous improvement path for their operations in Russia. Their mine sites have been independently assessed against the Bettercoal Code.

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Disclaimer

This report is a summary of the Bettercoal Assessment. The full document is confidential and available only to Bettercoal Members. This is a live document and the latest version can be found on [Bettercoal.org](https://www.bettercoal.org)

A. Company Description



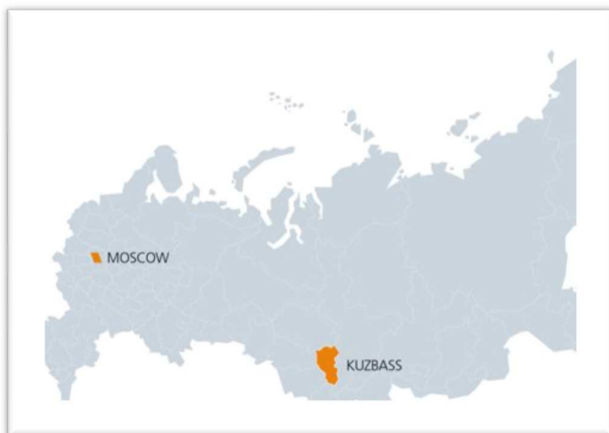
Taldinskaya Mining Company LLC (TMC) is a mining holding company involved in coal production and coal sales operations. TMC owns two underground coal mines located in the Prokopyevsk district of the Kemerovo Region, producing 5Mtpa of coal. Coal production has doubled in the last 5 years. The aim is to increase production to 7Mtpa.

Apart from the external power supply and central office facility, each of the two mines has their own infrastructure, such as: mine portals, ventilation systems, boiler houses, water supply, methane extraction, waste management, coal stockpiles, control rooms, workshops, and mine water treatment plants.

B. Context

Coal industry

The coal mining industry has always been important for the Russian economy. In January 2019, 166 coal mining companies were active in Russia. This includes 57 underground mines and 109 open pits, with a total production capacity of 470 million tons.¹ The major coal basins are the Donetsk, Pechorsk, Kuznetsk, Kansk-Achinsk, Irkutsk and South Yakutsk.



The main export region is Western-Siberia. Over 79.6% of exports from the region come from the Siberian federal district, where the main coal basin Kuzbass produced over 255 million tonnes of coal in 2019.

With the collapse of the Soviet Union, the coal industry suffered a major crisis. During the 1990s most of the underground coal mines and open pits were not operating due to a significant decrease of the demand and there was limited supply of necessary equipment. This resulted in partial

¹ Ministry of Energy of Russia <https://minenergo.gov.ru/node/433>



destruction of the mines, lost infrastructure of the mines-based towns, and gaps in the education of Mining professionals. The coal mining industry in Russia requires investments to develop new technologies, equipment, education of personnel, as well as development of the cities that supply the workforce for the industry.

Risks

The most recent report from the Heritage Foundation's Index of Economic Freedom ranked Russia 107th and the World Bank ranked Russia 35th out of 190 countries in terms of ease of doing business. Russia is considered a high-risk country. Bettercoal rates the risk of countries following a number of publicly available [indexes](#). Russia performs poorly on both the Corruption Perception Index and Freedom in the World Index, reflecting ongoing issues including corruption and downward pressure on civil liberties, political rights and the independent media in the country.

Academic sources identify the accident rate in the Kuzbass coal mining industry as significantly higher than that in western European operations with similar production volumes². In interviews, trade union representatives in Kuzbass identified worker health and safety as a key focal area in which improvement is needed. Although, since 1992, the industry has gone through a major restructuring and a number of government bodies play important roles in oversight of the coal mining sector:

- The Ministry of Natural Resources and Environment of the Russian Federation maintains public records and registers of mining activities.
- The Federal Agency for Subsoil Use (RosNedra) issues tenders for the right to use subsoil resources.
- The Federal Agency for Ecological, Technological and Nuclear Supervision (RosTechNadzor) supervises the safety of mining operations and environmental management aspects.
- The Federal Supervisory Service for Nature Management (RosPrirodNadzor) supervises the use of natural resources, including subsoil mineral resources.
- The Federal Service for Supervision of Consumer Rights Protection and Human Well-Being (RosPotrebNadzor) is responsible for carrying out the federal state sanitary and epidemiological surveillance.
- The Federal Service for Labour and Employment (RosTrud) performs the functions of control and supervision over labour, employment, special assessment of workplace conditions and social protection issues.

Law

The main permit to start a mining business in Russia is the license to extract natural resources (Subsoil Law of Russian Federation (1992), Art. 11). In accordance with the Subsoil Law of Russian

² https://www.e3s-conferences.org/articles/e3sconf/pdf/2017/09/e3sconf_2iims2017_04020.pdf



Federation (1992), natural resources in Russia are a national property and in order to extract and sell them, it is necessary to receive the License for a certain piece of land. The license does not only allow for extraction of the natural resources, but also stipulates the conditions under which it can be carried out and determines the borders of the land on which it can be conducted. The conditions include re-location of villages that are located within the borders of the licensed territory to post operation re-cultivation work. To obtain a license, companies have to provide a technical project plan of the development of the work on the given piece of land. This includes an economic justification for the development of a given coal deposit, as well as the order and time periods for the preparation of mine closure plans and land re-cultivation.

Mining activities require:

- An environmental impact assessment;
- Permitting or licensing to allow a specific negative impact on the environment (for example, an air pollution permit);
- Limits to the acceptable negative impact on environment / emission of pollution;
- 'Pay-to-pollute' payments where the project owner pays for the 'right' to emit / discharge to the environment in accordance with its permits; and
- Liabilities if the above environmental requirements are not met.

Upon termination or expiration of a subsoil licence, the licence holder must decommission the operation and comply with environmental protection and industrial safety requirements. This means that planning for closure typically only begins late in the mining lifecycle.

Mining operations are considered by Russian law to be hazardous industrial operations and are regulated by Federal Law "On Industrial Safety at Hazardous Industrial Facilities" (21 July 1997), which establishes a number of legal requirements relating to permitting and licensing, certification of equipment, training of specialists and ongoing compliance health and industrial safety requirements.

The Labour Code of the Russian Federation (2001) is the main legal act regulating working conditions of employees. In addition, there are numerous laws and regulations on specific areas such as minimum wage, social benefits, occupational health and safety, freedom of association, etc.

Currently, Russia is undergoing an overhaul of legal and regulatory framework and is creating separate programmes and projects in the field of ecology. From 2019, comprehensive environmental permits covering all types of adverse impacts will be introduced for 'category 1 facilities' defined as having a substantial adverse effect on the environment. Coal mines are among this list of facilities and it is expected that more substantial improvements will be made to environmental protections for the future under this review.



It is worth noting that Russia is not a member of the Extractive Industries Transparency Initiative (EITI), the global standard for promoting open and accountable management of oil, gas and mineral resources.

C. Assessment Information

Assessment Scope & Country	Russia: <ul style="list-style-type: none"> Taldinskaya – Yuzhnaya underground mine Taldinskaya – Kyrgayskaya underground mine
Site-Assessment Scope	<ul style="list-style-type: none"> Taldinskaya – Yuzhnaya underground mine Taldinskaya – Kyrgayskaya underground mine
Step 1: Supplier Commitment	Completed in August 2017*
Step 2: Desktop Review	Completed in October 2016
Step 3: Site-Assessment	Completed in November 2018
Step 4: Continuous Improvement Plan	Agreed in September 2019
Step 5: Re-Assessment	Planned for 2023
Assessment Team	The Dragonfly Initiative <ul style="list-style-type: none"> Julija Menise (lead assessor) Tatiana Vasenko Vladimir Simov Peter Whitbread-Abrutat

*Letter of Commitment only required after process review in 2017

Stakeholders

The following stakeholders were interviewed as part of the Assessment:

- Russian Independent Union of Coal Industry Workers (Rosugleprof) at Taldinskaya-Kyrgayskaya and Taldinskaya -Yuzhnaya
- Russian Independent Union of Coal Industry Workers (Rosugleprof) - Prokopjevsk regional branch of Rosugleprof
- Federal Service of Ecological, Technological and Nuclear Control of the Russian Federation (RosTechNadzor) - Siberian Division Prokopyevsk subdivision
- Federal Service for Supervision of Consumer Rights Protection and Human Well-Being (RosPotrebNadzor) – Regional division of RosPotrebNadzor of Kemerovo region for cities Kiselevsk, Prokopjevsk and Prokopyevsk district.



D. Supplier Performance

Supplier Performance is assessed against the 10 Principles of the [Bettercoal Code](#) and associated Provisions (1.1-10.7). The ratings are explained in Annex 2.

Overall performance

Below are Taldinskaya Mining Company’s ratings against the Bettercoal Code in the site assessment visit from 2018

	Meets	Substantially Meets	Partially Meets	Misses
General Implementation Expectations				
Principle 1			1.1	
Principle 2				2.1, 2.2, 2.3
Business Ethics				
Principle 3				3.1
Principle 4		4.1		
Human Rights and Social Performance				
Principle 5		5.3		5.1, 5.4
Principle 6	6.1-6.6, 6.8		6.7, 6.9	
Principle 7			7.1	
Environment				
Principle 8				8.1
Principle 9			9.3	9.1, 9.2
Principle 10		10.3, 10.4	10.5, 10.6, 10.7	10.1, 10.2

Immediate Resolutions

An ‘Immediate Resolution’ is an action taken to address such eventualities and are different from other improvements identified by the Bettercoal Assessment Process as they are prioritised for completion in the Continuous Improvement Plan.

There were no immediate resolutions found during the Assessment of TMC.

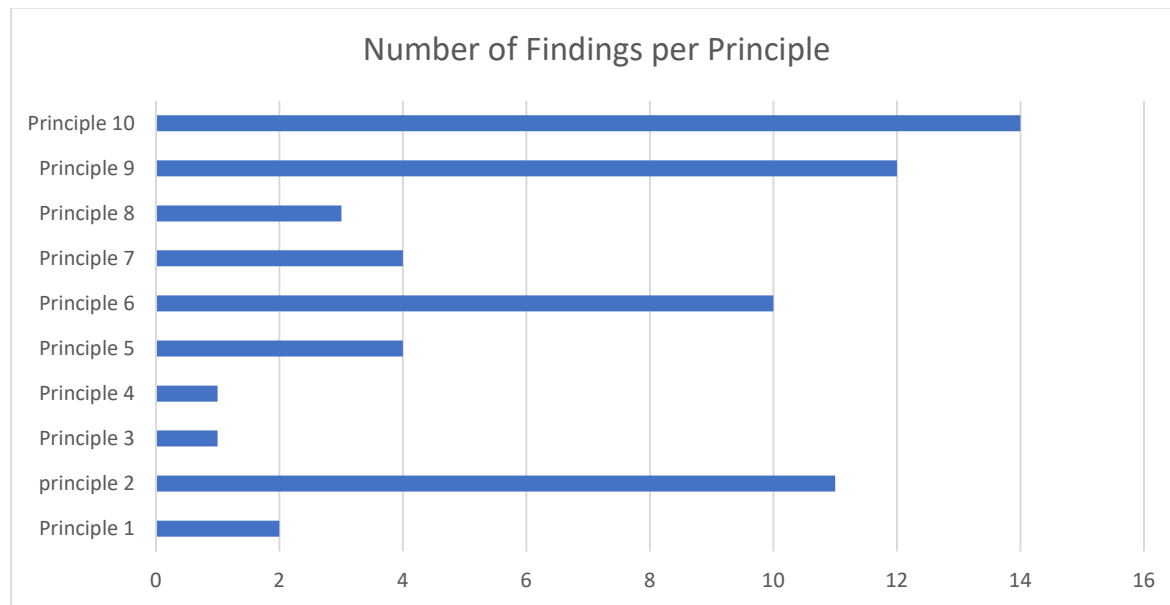
Continuous Improvement

For each Provision that the Assessors identify a need for improvement, the Supplier will be responsible for implementing the steps recommended by the Assessors to ensure that it is continuously improving its systems, processes, procedures, and practices with the goal of full alignment with the requirements of the Code.



Taldinskaya Mining Company's Continuous Improvement Plan identified a number of Findings against each Principle of the Bettercoal Code.

a. Number of Findings identified per Principle



b. Supplier progress against the findings

Process is monitored at least on a bi-annual basis. This section of the document will be updated as Taldinskaya Mining Company report on their progress.

A. Additional Supplier Information

Examples of good practice

Co-operating to reduce cumulative impact: TMC has been working with multiple neighbouring organisations as well as the public to reduce cumulative impact. TMC allow the neighbouring Kuzbassrazrezugol (KRU) mine to dump their waste rock on the Taldinskaya-Yuzhnaya mine licence area. They also allow the use of their part of the railway by both SUEK and KRU reducing the potential cumulative impacts of more railway lines or roads being constructed and used for the export of coal. TMC are also allowing the use of their private roads by the public, reducing the distances the public must travel and the associated emissions.



Anti-corruption: Corruption and bribery prevention measures implemented by the economic safety department have resulted in discovering cases of fraud and corruption within the company which was submitted to the authorities.

Lean Record-Keeping: Record-keeping system used by legal and health and safety departments making it easier to navigate through large volumes of documentation.

Examples of areas for improvement

Workplace Safety and Comfort: TMC should ensure the correct use of provided personal protective equipment by all workers, provide sufficient drinking water to all, and ensure adequate sanitary and hygiene facilities to employees and contracted workers.

Sustainability Reporting: TMC should report publicly on its material impacts and disclose its ethical, social, and environmental performance to its stakeholders, using such reporting guidelines as Global Reporting Initiative or similar. The public reporting should happen on an annual basis, for example, at minimum, through the company's website.

Storage of Hydrocarbons: the company should give a high priority to reviewing its procedure and facilities for storing oil and lubricants and other chemicals against the requirements of good international industry practice. It should update its facilities accordingly and implement a new, more robust procedure.

Taldinskaya Mining Company is currently in the process of being certified against ISO 14001.

Annex 1: Bettercoal Assessment Process

Step 1: Supplier Commitment

The coal mining company signs the Letter of Commitment and becomes a Bettercoal Supplier.

Step 2: Desktop Review

An Approved Lead Assessor is allocated to the Bettercoal Supplier. The Supplier completes the Self-Assessment Questionnaire, which is reviewed by the Lead Assessor. The Assessment Scope is finalised and an Assessment Plan for the Site-Visit is developed and shared with Members.

Step 3: Site-Assessment

A Site-Visit is planned at the Supplier's mine site(s). A detailed Assessment Report is developed and once finalised, in consultation with the Supplier, is then shared with Bettercoal Members.

Step 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.

For more detailed information, see the [Assessment Manual](#).





Annex 2: Assessment Rating Options

Rating	Explanation
Meets	<p>Supplier's operating practices are fully aligned with the Code.</p> <p>There is strong evidence of implementation of the Suppliers' policies, systems, procedures and processes that enable alignment with the Code, and of a thorough understanding of the requirements of the Code Provisions.</p>
Substantially Meets	<p>The Supplier's practices are aligned mostly, but not fully, with the Code.</p> <p>The Supplier has policies, systems, procedures, and processes in place to enable alignment with the Code, but there are isolated incidents of gaps in implementation.</p>
Partially Meets	<p>The Supplier is demonstrating efforts to put in place the policies and practices to align with the Code, but implementation is at its early stages and is incomplete.</p> <p>For example, the Supplier has published a policy that aligns with a requirement of the Code, but the Assessment concludes that the policy is not being implemented fully or that the scope of the policy falls short of the coverage required by the Code.</p>
Misses	<p>The Supplier has not begun to put in place practices to align with Code, or there is systemic failure of the practices resulting in total misalignment with the Code.</p>

For more detailed information, see the [Assessment Manual](#).