

Bettercoal and due diligence in Colombia

Bettercoal Introduction

Bettercoal is a global not-for-profit membership-based organisation set up in 2012 to promote the continuous improvement of sustainability performance in the mining and sourcing of coal. Bettercoal is working towards a coal supply chain that protects the environment, respects the rights of the people, and contributes to the livelihoods of workers and communities.

Bettercoal Code

Since the Bettercoal Code was launched, it has become the internationally recognised Standard for assessing, assuring and sustaining stringent ethical, environmental and social performance in the coal mining supply chain.



Figure 1: Bettercoal Code 2.0

The Bettercoal Code 1.1 went through a thorough review process though 2019-2020, underpinned by formal and transparent stakeholder consultation processes and public comment periods, with consensus on the last revision of the Code 2.0 overseen by the Bettercoal Technical Advisory Committee. The Code 2.0 supersedes the previous Code 1.1. The [Bettercoal Code 2.0](#) is composed of 12 principles covering governance, social and environment (ESG) issues. Within the Code, there are 144 numbered provisions that Bettercoal assesses its Supplier companies against.

The Code is accompanied by the [Bettercoal Code 2.0 Guidance](#), developed to help Bettercoal Suppliers and Bettercoal



Assessors better understand and interpret the requirements of the Code and the steps needed to implement it, also enabling a consistent approach from one Site-Assessment to another.

Mine closure is specifically covered by the Bettercoal Code and therefore part of Bettercoal Assessment. All coal suppliers are assessed on it specifically under Principles 4 and 6, Provisions 4.1 to 4.6 and 6.3, respectively.

Bettercoal recognises the importance of OECD Due Diligence Guidance and has internally reviewed our Assessment Process against the 5-Step Framework for Upstream and Downstream Supply Chains. This exercise has helped us understand our processes against the OECD framework, detecting areas of alignment and also opportunities for improvement.

Bettercoal Assessment Process

In line with its purpose of working towards a global responsible supply chain, Bettercoal independently assesses the performance of coal mining operations against the twelve principles of the Bettercoal Code through the Supplier Assessment Process. Coal producers become Bettercoal Suppliers when they sign the 'Letter of Commitment' and commit to Continuous Improvement. The Bettercoal process consists of four mandatory steps:

- Supplier Commitment
- Desktop Review
- Site-Assessment
- Continuous Improvement

(see Figure 2)



1 Supplier Commitment

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

2 Desktop Review

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

3 Site-Assessment

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

4 Continuous Improvement

The Continuous Improvement Plan (CIP) is finalised and shared with Members. Monitoring the CIP takes place according to timelines identified in the CIP.

Verification methods include Desktop Review and Site-Visit. A public report will be uploaded on the Bettercoal website.

Re-Assessment

A full Re-Assessment is due within maximum five years from the coal mining company becoming a Bettercoal Supplier. The process starts from the beginning.

Figure 2: Bettercoal Supplier Assessment Process

Each Bettercoal Supplier undergoes an independent Assessment to see how closely they meet the requirements of our international best practice code. They commit to improving their operations in line with our custom-built Continuous Improvement Plan (CIP) for that supplier, which is based on the findings of the Assessment. Bettercoal does not provide a certification of performance, nor is a pass or fail test, but instead drives a model of continuous improvement. Every CIP is followed up and updated quarterly by the assessors.

Being a standards’ organisation, our main impact and positive contribution to the coal mining operations comes from the application of the Assessment Process and through the implementation and monitoring of the CIPs, which are specific targeted actions that have a concrete outcome which contributes to an overall positive impact.

By the end of 2020, Bettercoal had assessed 17 companies, covering 69 mines in 8 countries. This means that these operations have been audited against our internationally recognised standard for coal mining and created a detailed work plan for the improvement of their operations, which have been monitored by third party experts. Through time, this has allowed those companies to make improvements in different areas, which have had specific impacts on the ground.



Bettercoal Members use the 12 Principle Bettercoal Code, Assessment Process and CIPs to understand, manage and mitigate the ESG risks in their coal supply chain, striving to increase year-on-year the [percentage of coal purchased from Bettercoal Suppliers](#). Bettercoal Suppliers use the Bettercoal Code to further improve their ESG performance and minimise any negative impacts.

Although the Site-Assessment Reports and CIPs are confidential documents, since 2019 Bettercoal has been publishing a summary of those in individual public reports. Additionally, updates on CIP progress are available on the Bettercoal website. We understand that different stakeholders have diverse expectations on the public availability of information regarding Bettercoal Suppliers. Nonetheless, we have been proactively adjusting and finding ways to increase transparency in what we do and the impact we have. This is a collaborative process that takes into account feedback and recommendations from the different stakeholders we engage with. We will continue to review the information that we make publicly available and listen to feedback from our stakeholders.

Bettercoal Colombian Suppliers

Bettercoal has been working with Colombian coal companies since the foundation of the organisation, including three of the four large coal exporters in the country, namely: [Cerrejón](#), [Grupo Prodeco](#) and [Drummond Ltd](#). The first two went through the Bettercoal Assessment Process in 2018 and the latter was re-assessed that same year.

The Site-Assessment involves a thorough audit against all the Principles of the Bettercoal Code made by expert third party assessors. This process also comprises interviews with different stakeholders related to the mining operations, including but not limited to: mining company employees and management; civil society organisations representatives; communities; local leaders; governmental institutions and agencies; and any other relevant stakeholder for the particular mining operation. The full list of interviewees is public and published in the respective Public Reports.

Since their Site-Assessment, all three mining companies have committed to consistent CIP monitoring and have made significant progress so far. The main focus areas of improvement have been related to Policies and Procedures, Workers' Rights, Pollution Prevention, Biodiversity and Ecosystem Services and Community Engagement and Development.



The three mining companies account for 86 findings in total, 64% of which have already been closed. From those, 42% need a final on-site verification to be fully closed.

It is relevant to mention that these numbers are affected by the situation of Prodeco. Prodeco had made progress on its CIP – the number of open and closed items are publicly available on our website – but this has now stopped given the company’s circumstances, relating to the relinquishment of its mining licences.

Combined with following up on their CIP, Bettercoal engages with these companies on other relevant issues that might arise related to their operations. When relevant, Bettercoal has publicly expressed its position through public statements, including:

- [Sintracarbón strike at Cerrejón and on its resolution](#)
- [Bettercoal response to **Christian Aid Report** ‘Undermining Human Rights: Ireland, the ESB and Cerrejón coal’](#)
- [Bettercoal Support to CREER multi-stakeholder dialogue Project “**Building Trust in Cesar**”](#)
- [Bettercoal coal procurement and trade 2020 - Colombia](#)

Country Working Groups - Colombia Working Group

Bettercoal Members purchase coal from across the globe and therefore connect with mine operators in many different countries. While the long-term goal of Bettercoal is to engage with all its Members’ coal suppliers, the organization has developed a Country Prioritisation Strategy and established the [Country Working Groups](#) in 2018. Their objectives are to facilitate a more coordinated approach to the monitoring of Continuous Improvement Plans for Suppliers as well as build knowledge and measure impact. The first two groups to be set up were Colombia and Russia.

The Colombia Working Group (CWG) is currently formed of Bettercoal Members EnBW, Enel, ESB, Fortum, RWE, Vattenfall, and chaired by Uniper. One of the aims of this group is to foster better relationships with all stakeholders involved in this environment, from business to government, to international NGOs and local communities.

Since its creation, the CWG has set clear yearly work plans and publicly shared progress reports on the [Bettercoal website](#).

CWG in 2019



In its first year of work, the CWG successfully engaged with all three Bettercoal Colombian Suppliers on CIP progress and other topics relevant to the Colombian coal supply chain. The CWG also engaged with other local relevant stakeholders to gather information and discuss contextual issues, promoting an open channel for dialogue and feedback and exploring potential avenues of collaboration. A full report on the progress made by the CWG in 2019 can be found [here](#) in English and Spanish.

CWG in 2020

In 2020, the Covid-19 crisis forced us to adjust the planning and implementation of the original Work Plan, particularly with regards to in-person engagements with stakeholders. Despite being unable to travel to Colombia, we engaged virtually with as many stakeholders as possible, to keep up our engagement and remain well-informed of local developments. The input received throughout these meetings has helped the CWG refine its original 2020 Work Plan and identify specific actions where Bettercoal can add value. The updated version of the Work Plan 2020 can be found [here](#).

Throughout 2020, we engaged with Bettercoal's Colombian Suppliers – Cerrejón, Drummond Ltd and Prodeco, to follow up on their Continuous Improvement Plans as well as discuss other relevant contextual topics e.g. increasing threats against social leaders, negotiations with trade unions and, of course, the implications of the Covid-19 pandemic on the Suppliers' operations. The CWG also held online conversations with other relevant stakeholders including PAX, the National Federation of Christian Trade Unions in the Netherlands (CNV), the Human Rights and Business Resource Centre, the Development and Peace Programmes (PDP in Spanish), Regional Centre of Responsible Business and Entrepreneurship (CREER in Spanish), National Union of Ill, Disabled, Mining Workers (SINTRADEM in Spanish), Sintracerejón and IndustriAll.

In line with this commitment and as part of the implementation of the Work Plan 2020, members of the CWG agreed to support the Regional Centre for Responsible Businesses and Entrepreneurship (Centro Regional de Empresas y Emprendimientos Responsables or CREER) multi-stakeholder dialogue project [Building Trust in Cesar](#). This support is part of Bettercoal's commitment and activities to promote continuous improvement in the mining and sourcing of coal for the benefit of all people impacted by the industry, workers and coal mining communities. Despite the challenges faced during 2020, we were able to make progress against our work plan and information can be accessed [here](#).

CWG in 2021



For 2021, the CWG continues its commitment to follow up on the progress made by Bettercoal Colombian Suppliers on their CIPs, focus on actions on the prioritised issues and engage with Colombian stakeholders. Prioritised issues for 2021 are:

- a. Fostering increased dialogue in the peace building process
- b. Access to clean water
- c. Mine closure

Given the travel restrictions still in place related to the Covid-19 Pandemic, the CWG has organised a virtual engagement with Colombian stakeholders throughout April and May 2021. The group has engaged in individual calls not only with Bettercoal Colombian Suppliers but also with governmental organisations, dialogue institutions, international organisations, civil society organisations, community representatives and labour organisations. During these meetings, the group has covered specific agenda topics tailored to each stakeholder around the defined prioritised issues, identifying opportunities for developing specific actions where Bettercoal could add value. More details can be found in the [CWG Work Plan 2021 here](#).