



**RESPONSIBLE
COMMODITIES**
SOURCING INITIATIVE

Annual Report

2024





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INTRODUCTION

Foreword from Chairman

2024 marked a significant turning point in our organisation's journey. With the launch of the Responsible Commodities Sourcing Initiative (RECOSI) at the start of the year, we took the first step in a broader evolution, one that builds on over a decade of ambitious and robust work under Bettercoal and applies that expertise across a wider range of energy commodities.

This is the first annual report from RECOSI, which shares our journey over the past 12 months, as we continue to build on our work in the Bettercoal Programme, while also growing our new programme, RECOSI Gas. It was also a year that saw the biggest growth in our membership since the organisation was originally formed as Bettercoal back in 2012.

The growth in membership and the diversification of our work to cover other energy commodities has been shaped and informed by the changing global landscape of responsible sourcing and ESG due diligence. Across jurisdictions and industries, regulation has been tightening and stakeholder expectations have been increasing, with RECOSI emerging as a collaborative, technically grounded response to a rapidly shifting set of expectations.

This year, we advanced critical updates to the Bettercoal Programme, making it more rigorous, clearer for assessors and producers alike, and aligned with evolving international good practices. The Assessment Manual was comprehensively revised, and new training modules were developed, reflecting our commitment to continuous improvement.

We also made significant strides in the development of the RECOSI

Gas Programme. RECOSI Gas is an important addition to our work, providing a structured way for members and their natural gas and LNG suppliers to respond to regulatory developments and sector expectations. Through shared technical tools, clear guidance, and consistent engagement, we are building a programme that enables continuous improvement over time and suits the complexity of gas supply chains.

This progress would not have been possible without the commitment of our members, who continue to come together to identify and address common challenges, including the new members that joined our community in 2024. I also want to thank the Secretariat for its work in supporting these efforts and maintaining the high level of expertise and credibility that underpins our programmes.

Looking ahead, our focus will remain on building a strong, responsive network where companies can learn from one another, develop practical solutions and demonstrate meaningful action on ESG issues in their supply chains. RECOSI plays an important role in making that possible.



Frank Plümacher
Chairman RECOSI,
Board of Directors



INTRODUCTION

Introduction from Executive Director

The launch of RECOSI at the start of 2024 marked an important step for our organisation. It was more than a name change, it reflects the breadth of our work and the direction we're heading, one driven by the evolving priorities of our members.

After over a decade operating as Bettercoal, we had built experience in supporting members and producers through complex supply chain challenges. But it had become clear that the tools and frameworks we had developed were increasingly relevant beyond coal. The Responsible Commodities Sourcing Initiative was created to meet those needs. It allows us to maintain the integrity and technical grounding of Bettercoal while broadening our scope to support members across energy commodities.

Throughout 2024, this thinking has shaped how we work, what we prioritise and how we grow. The development of the RECOSI Gas Programme has been a key focus. This year we completed the first phase of our due diligence framework, piloting a self-assessment questionnaire, gathering feedback from producers, and refining the approach. Members also agreed that RECOSI should develop ESG criteria tailored to different suppliers in the gas supply chain, which will support members in meeting regulatory requirements and create a stronger dialogue with their suppliers on ESG issues.

At the same time, we have strengthened our work in coal. Updates to the Bettercoal Assessment Manual and assessor training were completed this year, improving consistency and clarity in how we engage with producers. We also responded to evolving dynamics in key sourcing regions, adapting our engagement strategies while continuing to focus on meaningful, long-term improvement.

What has remained constant throughout is our commitment to supporting members in working together on shared challenges. Whether through programme development, working groups or direct supplier engagement, RECOSI remains a space where collaboration drives impact.

It is a pleasure to share our first RECOSI Annual Report and I want to thank our members, producers, our Board and the RECOSI team for helping lay the groundwork for the next phase of our journey.

We look forward to what comes next.



Katie Warrick
Executive Director,
RECOSI



ABOUT RECOSI

About RECOSI

Working with members and their suppliers to raise social and environmental standards in global energy supply chains

Who we are

Responsible Commodities Sourcing Initiative (RECOSI) is a global leadership organisation that works with companies across energy commodities, developing ESG programmes to support enhanced due diligence and working collaboratively to raise standards in supply chains.

We bring together our members, their suppliers, and key stakeholders to work together to have a greater impact on improving sustainability performance across energy commodities supply chains.



Mission

Drive continuous improvement in responsible commodity sourcing.



Vision

Pave the way for environmentally and socially conscious supply chain management by cultivating a network of forward-thinking organisations dedicated to actively improving responsible energy commodity sourcing and supply chain management.



Purpose

Guide and support our members in their due diligence monitoring of supply chains and support producers to enhance their environmental, social, and governance (ESG) performance.



ABOUT RECOSI CONTINUED

What we do

Our purpose is to guide our members in their enhanced due diligence monitoring of energy supply chains and support suppliers to improve their performance across environmental and social issues. We do this by bringing companies together to develop commodity-specific sustainability programmes, currently the Bettercoal and RECOSI Gas Programmes. These programmes help support our members and their suppliers in meeting growing regulatory requirements, working to collectively raise standards in supply chains and fostering continuous improvement through collaboration.

Our programmes are based on RECOSI's 12 core environmental, social and governance principles, which include occupational health and safety, human rights, greenhouse gas emissions, water stewardship, management of waste, and more.

These principles serve as a shared foundation for responsible commodity sourcing and are used to drive improvements across sectors.

Continuous improvement is at the heart of RECOSI. We apply this approach to drive continuous improvement in responsible commodity sourcing to our programmes, to the companies that engage in our processes and to our organisation. Similarly, our Vision has shaped the RECOSI transition, as we build on our experience in operating the Bettercoal Programme for over a decade, diversifying and expanding our work with the development of the RECOSI Gas Programme. Our work is driven and shaped by our membership community and we continue to grow and evolve to meet their changing needs.

Our 12 guiding ESG principles

Governance



Business Integrity



Transparency



Policy and Management



Site Rehabilitation and Closure

Social



Human Rights



Occupational Health and Safety



Labour Rights



Communities and Stakeholders

Environmental



Water Stewardship



Greenhouse Gas Emissions



Management of Emissions and Waste



Biodiversity and Land Use

More information about our ESG principles can be found on our [website](#).



ABOUT RECOSI CONTINUED

Members

We bring companies together with purpose

RECOSI members are key buyers of energy commodities and companies that are active across supply chains. It is through the collective influence and commitment of our members that we can build and implement our sector-specific ESG programmes that support responsible sourcing.

We are continuing to evolve and align with our members' energy diversification strategies... aiming to improve sustainability performance in the most impactful way.

We bring like-minded companies together to discuss common sustainability issues and learn from each other's approaches, experience and expertise. Our members have demonstrated their leadership on ESG issues by supporting the development and direction of our sustainability programmes, currently RECOSI Gas and Bettercoal.

Our members are represented across departments, with participants from sustainability, commercial, trading and compliance teams. This cross-functional engagement means that our work is shaped by the sustainability challenges that our members face in their supply chains, while also ensuring that our programmes are practical and implementable.

RECOSI programmes are designed to meet increasing expectations and regulation on supply chain due diligence, while also supporting

ambitious voluntary commitments and continuous improvement. By engaging their suppliers through Bettercoal or RECOSI Gas, our members promote responsible sourcing practices and support participating companies in aligning with relevant laws and regulations. We mapped key elements of our programmes against the EU Methane Regulation, EU CSRD, the UK Modern Slavery Act and more to ensure that we can support members, who are in scope of the regulations, as well as provide programmes that can support suppliers in this increasingly complex regulatory context.

We are continuing to evolve and align with our members' energy diversification strategies, using our experience to create programmes that are applicable to different energy commodity supply chains, aiming to improve sustainability performance in the most impactful way.



ABOUT RECOSI CONTINUED



The vision and purpose of RECOSI resonates with me both personally and professionally.

By pooling our members' collective experience and expertise, we have an opportunity to set guidelines and standards for responsible sourcing in the energy sector, thereby enabling a sustainable transition towards a net-zero future."



Honey Duan
Director Commodity Origination, Vattenfall AB, and joined the RECOSI Board in 2024.

RECOSI Members 2024





ABOUT RECOSI CONTINUED

First Annual RECOSI Members Event

On 13-14 November, RECOSI hosted its first Annual Members Event, kindly hosted by RWE in Essen and streamed virtually. This marked a significant milestone, bringing members together under the RECOSI banner for the first time and reflecting our expanded role and ambitions in the ESG supply chain due diligence space.

The programme offered members expert insight into key topics as well as opportunities to exchange knowledge and experience. Sessions included panel discussions, knowledge-sharing presentations and expert-led deep-dives.

Topics covered the evolving landscape of ESG regulation in energy supply chains, ESG risks and political developments in key coal-supplying countries including Colombia and South Africa, ESG considerations for conventional and unconventional gas producers, and emerging developments in hydrogen.

This was a key event for RECOSI, strengthening our engagement with members and helping shape our focus. It provided a platform for peer-to-peer exchange, where members shared their expertise, discussed challenges, and contributed to shaping RECOSI's work, bringing companies together to tackle key sustainability issues across their energy commodities supply chains.



RECOSI Board of Directors.



GOVERNANCE

Governance

Board of Directors

The Board of Directors is RECOSI's key governing body, elected by its members to lead the organisation. In 2024, we were pleased to welcome three new members to the RECOSI Board, which is composed of 11 directors.

The Board provides strategic and management oversight and works closely with the Secretariat to deliver RECOSI's programmes and long-term objectives.

There are other governing bodies supporting the Secretariat in the management of the organisation's programmes, including the Programme Committees, working groups, and, for Bettercoal, the multi-stakeholder Technical and Advisory Committee (TAC).

Secretariat

The Secretariat, led by the Executive Director, is responsible for the daily management of RECOSI 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 RECOSI's programmes, compliance and reporting obligations.

Programme Committees and Working Groups

Each sector-specific programme has a committee formed of members, which provides support to the programme and enables member consultation.

There are also working groups established to further meet the needs of members on specific issues, such as country working groups for the Bettercoal Programme.

Bettercoal Technical and Advisory Committee

The Bettercoal Technical and Advisory Committee is a multi-stakeholder committee composed of members from civil society, academia, industry and individual representatives from RECOSI member companies. The TAC supports and advises the Bettercoal Programme by providing expert analysis and peer review of technical aspects of the programme, including guiding the review of the Bettercoal Code, which takes place every five years.



Joining the Board is an exciting opportunity to promote innovative yet responsible approaches in energy transition.

By leveraging transitional fuels and encouraging responsible sourcing, we can create a balanced energy matrix that supports both economic growth and environmental sustainability. I am eager to contribute to advancing RECOSI's vision and fostering impactful collaboration with my fellow Board members."



Juraj Vajda
CFO,
EP Resources AG,
and joined the
RECOSI Board
in 2024.

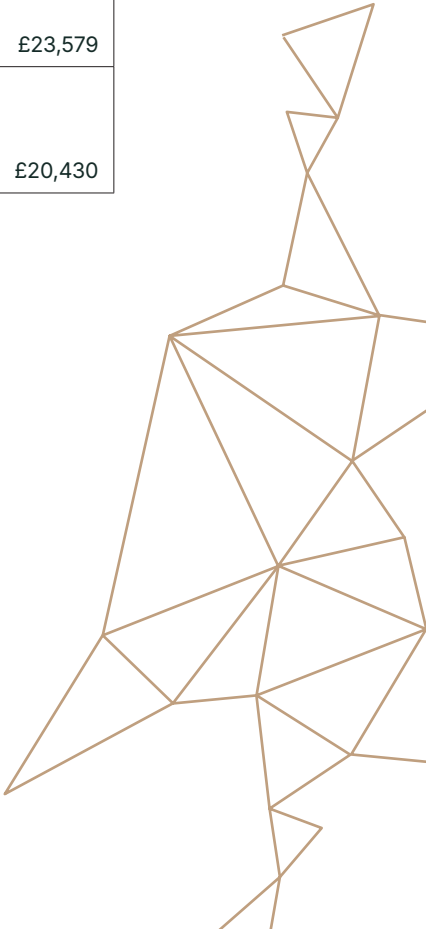


FINANCIALS & PERFORMANCE

Finance

RECOSI is financed through the contributions of its 17 members. Membership fees are paid annually and cover RECOSI operational costs, which includes administrative costs linked to running Bettercoal and the RECOSI Gas programmes, and member and stakeholder engagement among others expenses. In the Bettercoal Programme, producers also pay for their site assessments, with RECOSI then paying the third-party assessors.

Bettercoal Programme Includes work on the Bettercoal Standard, assurance processes, and M&E, the online assurance platform, and costs relating to producer assessments.	£83,127
RECOSI Gas Programme Includes the costs of developing the RECOSI Gas programme, including phase 1 piloting of the self-assessment questionnaire, development of due diligence framework and technical material.	£65,187
RECOSI Operations Includes all secretariat costs, including team resources across RECOSI programmes (4 FTEs and 1 PTE in 2024), administrative expenditure, member activities and engagement, including the annual members' meetings, specialist reports and webinars.	£476,905
Internal Governance Includes all meetings required by RECOSI's governance, such as the Board of Directors' meetings and Annual General Meeting, and legal costs relating to the review of policies and other documentation.	£23,579
Communications and Stakeholder Engagement Includes all communications for RECOSI and its programmes, including website, reports, stakeholder engagement and capacity building activities.	£20,430





PROGRAMMES

RECOSI Gas Programme

Unlocking value through collaboration

At a time when ESG expectations are reshaping global energy markets, the RECOSI Gas programme offers a robust, practical solution for both buyers and sellers of natural gas and liquefied natural gas (LNG) driving transformation, trust, and leadership.

Leading with purpose

Working together since 2022, our members have developed a programme tailored to the gas sector. The RECOSI Gas programme applies to producers and suppliers of natural gas and LNG, supporting members and their gas suppliers in meeting growing regulatory requirements, demonstrating ESG leadership, and fostering continuous improvement through collaboration.

Programme development in 2024

The first component of the programme was developed to support asset-level due diligence and improvement. The RECOSI Gas asset-level work includes a self-assessment questionnaire (SAQ) for gas and LNG assets and a due diligence framework. As the gas programme matures, the due diligence framework will include an independent verification of the SAQ and a robust on-site assessment, as applicable, supported by tailored continuous improvement plans.

We carried out a regulatory mapping analysis of the SAQ, which showed that the questions already address nearly 50% of ESG requirements

identified across relevant EU and UK frameworks. Of the remaining areas, only 15% were considered high priority for adjustments, indicating a strong baseline for regulatory alignment.

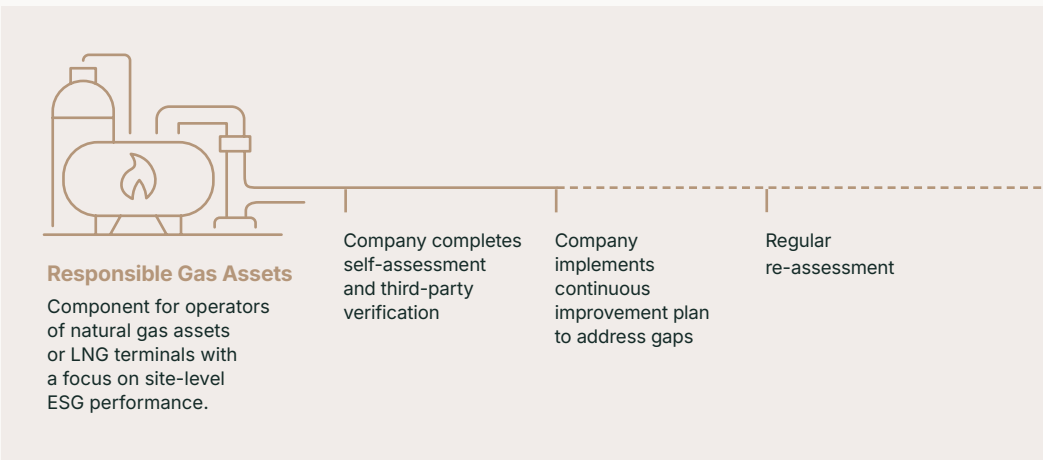
Additionally, we commissioned an in-depth technical briefing for members on a selected topic of relevance to gas production and the gas supply chain. The first topic prioritised by members was salient ESG risks specific to conventional vs unconventional gas production in key Europe-supplying countries. Insights from this technical briefing will shape our programme work to further increase industry relevance and applicability of RECOSI Gas tools and processes.

Learnings from SAQ pilot

As part of the initial piloting phase, the RECOSI Gas SAQ was tested with suppliers across member networks. We are now incorporating

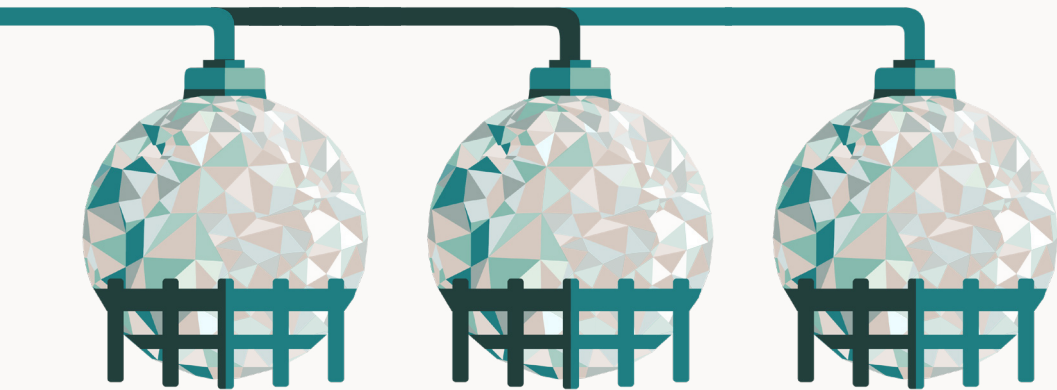
our learnings and feedback from producers and key stakeholders collected throughout 2024 to improve our tools and processes. A key insight from the pilot is that RECOSI members work with a heterogenous, global supplier base. Their gas supply chains often involve multiple companies at different production and transportation stages, as well as traders, meaning that members often do not have direct contracts with operators or producers.

This is why, alongside our work on improving ESG performance at asset-level, we began developing a second component of our programme – the RECOSI Gas ESG criteria – that will apply to different types of suppliers across the gas supply chain. These criteria will focus on corporate ESG policies and risk management practices, aligned with regulatory requirements and good industry practice.





PROGRAMMES CONTINUED



A pathway to resilience and recognition

For gas companies, the RECOSI Gas programme offers a unique opportunity to engage with leading international buyers and demonstrate ESG leadership. It also provides a structured, supportive environment to assess and improve ESG performance. Participation in RECOSI Gas can support gas companies in meeting growing regulatory requirements and stakeholder expectations. Going forward, our programmes will include independent assessments that can help participating companies conduct a gap analysis of their existing ESG practices and risk management processes to support continuous improvement and improve the overall ESG performance across gas supply chains.

Companies that commit to the RECOSI Gas programme will be able to publicly communicate their participation, which can support their engagement with buyers and other key stakeholders. Moreover, we plan to offer tailored support by developing capacity-building initiatives that raise standards through peer learning and collaboration.

Growing RECOSI Gas

In 2024, the RECOSI Gas programme made steady progress and adopted a new strategic direction. Alongside refining asset-level due diligence tools, we began developing ESG criteria that apply to a wider range of gas suppliers, including those not directly involved in production. This expanded approach makes it possible to capture a larger share

of our members' gas purchases and reflects the complexity of the gas supply chain.

We are committed to working with our members, suppliers and key stakeholders to further refine and implement the RECOSI Gas programme, grow programme participation, and collaborate to increase our impact.

Engaging Industry Stakeholders

In 2024, RECOSI engaged with a range of stakeholders to strengthen the design and implementation of the RECOSI Gas programme. This included targeted outreach to industry associations, producers, and experts. We also shared insights through technical briefings and participated in external events to build awareness of our work. These conversations have shaped the evolution of the programme and will remain central as we continue building and rolling out RECOSI Gas.



PROGRAMMES CONTINUED

Bettercoal Programme

About Bettercoal

Since 2012, Bettercoal has worked 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.

The programme is underpinned by the Bettercoal Code – the internationally recognised standard for assessing, assuring and sustaining stringent ethical, environmental and social performance in the coal supply chain.

Having carried out our first third-party assessment in 2014, we have subsequently assessed over 70 mine sites across five continents.

At the heart of the process are stakeholders, who form a crucial part of our assessment. As part of this, our Lead Assessors interview a range of stakeholders, including labour unions, local community members, employees, contractors, and local government representatives.

This input is then incorporated into the site assessment report and informs the actions in the Continuous Improvement Plan.

Assessed every four years by independent third-party assessors, mine sites have tailored Continuous Improvement Plans (CIPs) developed, with actions laid out to allow producers to close gaps to meet the requirements of the Code.

These actionable tasks are monitored through the regular submission of evidence, which is reviewed by an independent assessor to determine whether gaps have been closed. In some cases, on-site verification is also conducted to confirm that expectations of the standard have been met. After four years, the CIP process restarts with a new assessment, new CIP, and renewed evidence submission.

The Bettercoal Code

The Bettercoal Code is a comprehensive framework that sets the standard for ESG performance in the coal mining industry.

Made up of 12 ESG principles and 144 provisions, the Code sets the standards that producers are assessed against. The Bettercoal Code covers all the principles that are relevant to coal mining companies, including:



Governance topics

Business integrity; policy and management; transparency; site rehabilitation and closure.



Social topics

Human rights; labour rights; occupational health and safety; communities and stakeholders.



Environmental topics

Water stewardship; management of emissions and waste; greenhouse gas emissions; and biodiversity and land use.



PROGRAMMES CONTINUED

Engaging with producers

In 2024, we focused on engaging producers in regions that are key suppliers to our members. This work was supported by two country groups, the South Africa Working Group and the Colombia Working Group, made up of member representatives working together to support engagement with producers at different stages of the Bettercoal Assessment Process, including initial engagement and their Continuous Improvement Plan (CIP) journey.

These groups meet to share insights and discuss challenges, and their work includes identifying potential new producers to enter the assessment process and supporting ongoing dialogue with existing producers.

Bettercoal assessments completed at the end of 2023 provided important insights into ESG performance. Throughout 2024, we worked with assessors and producers to finalise these processes. These assessments have offered valuable learnings, particularly as one process marked the first Bettercoal assessment in South Africa since 2018.

Bettercoal Producers in 2024: Five.

* Data reflects information updated by December 31, 2024.

** Data based on the information of Bettercoal Programme Members, reported by May 2025.

Bettercoal Members' Implementation and Reporting Obligations (MIRO)

Through member reporting, including the Members' Implementation and Reporting Obligations (MIRO), Bettercoal Programme Members report their use of Bettercoal assessments to inform sourcing.

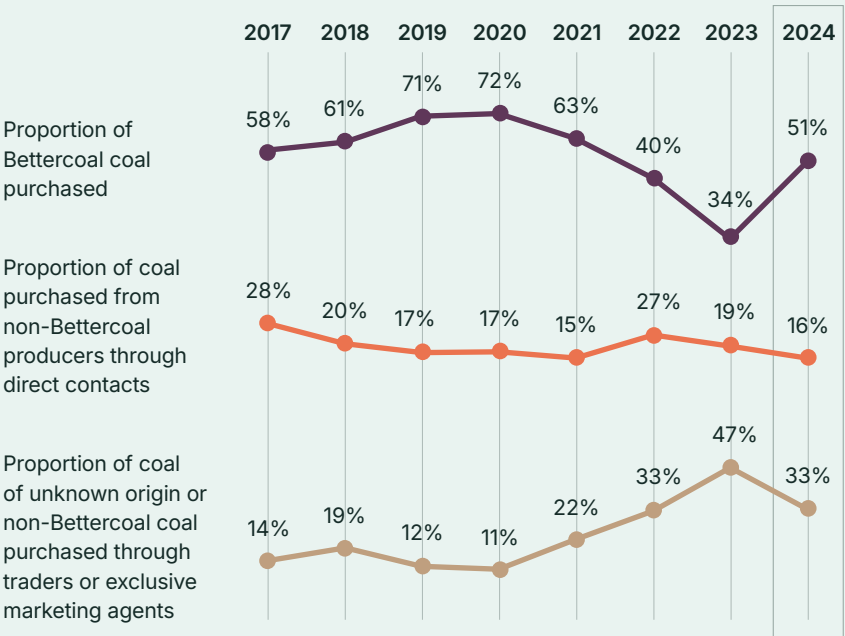
The MIRO monitors the share of coal purchased from Bettercoal-assessed producers relative to total coal purchases, helping foster transparency, inform decision-making and drive positive impact across the industry.

The chart below shows the proportion of members' total coal purchases that come from Bettercoal-assessed producers each year.

Continuous Improvement Plan progress*



MIRO**





PROGRAMMES CONTINUED

Strengthening assurance in 2024

Throughout 2024, we reinforced the robustness of the Bettercoal assurance framework, reflecting our ongoing commitment to maintaining a high-quality assessment process that supports meaningful improvements on the ground and meets the growing expectations of stakeholders.

A key milestone during the year was the completion of a comprehensive update to the Bettercoal Assessment Manual. This core guidance document outlines how approved assessors carry out assessments, verify improvement plans, and engage with producers throughout the process. The revised manual provides clearer instruction on several key aspects of the assessment process including assessment durations, worker interviews, and sampling, ensuring full alignment with the Bettercoal Code 2.0. These updates strengthen the consistency of assessments across regions and contexts.

We also developed new assessor training modules, providing structured guidance across all stages of the assessment process.

As companies continue to navigate a growing number of ESG-related standards and expectations, in 2024 we also laid the groundwork for more effective alignment with other initiatives by developing a methodology for recognising other standards and frameworks, enabling us to explore areas of mutual recognition.

Building on this work, we began engaging with the Asociación Colombiana de Minería to explore whether Bettercoal assessments could be recognised by TSM Colombia, with benchmarking undertaken as an initial step.

Finally, we initiated a review of the Bettercoal Grievance Mechanism, benchmarking it against industry standards and best practices. This review will help ensure that the mechanism remains accessible and effective in enabling stakeholders to share their grievances with Bettercoal.





JOIN US

Join Us

We are a leadership organisation that brings together companies to work on solutions to energy commodities sourcing practices that can influence real-world sustainability impacts.

Our members are the most forward-thinking utilities and infrastructure providers and, working with them, we engage with a wide range of stakeholders to ensure that our programmes have a real-world application and sustainable impact.

Demonstrating leadership

Continuous improvement is at the heart of RECOSI. We apply this approach to our programmes, to the companies that engage in our processes and to our organisation.

This started with our Bettercoal Programme, over a decade ago, which is internationally recognised and has continuously evolved. And, as buyers' energy sourcing strategies change the standard will continue to adapt.

Our new Programme, RECOSI Gas, was developed for responsible gas supply chains.

The Programme covers the gas supply chain from production to sale and is the first of its kind. It was developed to showcase leadership, and in response to stakeholder expectations and the evolving regulatory requirement.

Both Programmes were developed with our members and made possible through the commitment they showed to being part of an organisation that demonstrates leadership through developing solutions and driving continuous improvement in responsible commodities sourcing.

Be part of shaping the future

We welcome new members who want to be part of a membership organisation whose vision it is to be a purpose driven group that utilises its influence to drive positive change.

We will continue to create bespoke responsible commodities sourcing programmes to support the changing needs of our members and look forward to new participating companies joining our organisation and shaping these programmes with us.



Gerda Frans

Head of ESG,
ENGIE Global Energy
Management & Sales,
and joined the RECOSI
Board in 2024.



ENGIE aims to do business with suppliers that act in an ESG-responsible way.

As a board member, my goal is to further improve the ESG performance of energy supply chains, as ENGIE remains committed to upholding high standards of ESG performance and ensuring compliance with our vigilance plan."

The background of the entire page is a solid teal color. Overlaid on this background is a large, intricate, abstract geometric design composed of thin white lines. This design is a complex network of interconnected triangles and polygons, creating a sense of depth and structure. It resembles a stylized, multi-faceted object or a network diagram, with some areas being more densely packed with lines than others. The overall effect is modern and sophisticated.

**We are growing our
membership community
for even greater impact.**

If you're interested in learning more about
RECOSI, get in touch at info@recosi.com
or visit www.recosi.com.



**RESPONSIBLE
COMMODITIES**
SOURCING INITIATIVE



www.recosi.com