

**Sixteenth progress report on Cerrejón's social commitments
after the Third-Party Review Panel in 2008**

**Letter from Roberto Junguito, CEO of Cerrejón
October 31 of 2016**

Today we are presenting to our stakeholders our sixteenth report on the status of the last three projects arising from the recommendations by the Third-Party Panel that reviewed Cerrejón's social performance in 2008. We are pleased to report that, in the last six months, we have made significant progress on improving the houses in the communities neighbouring Puerto Bolívar, on getting closer to concluding the commitments for the five resettlements, and on starting the technical and feasibility studies for the project to build a community centre on the property where the new Tabaco village will be built.

Once more, we would like to demonstrate our efforts to comply with the 24 commitments we shouldered eight years ago. We are pleased that progress and concluded commitments (although at times more delayed than we would have liked) have enjoyed ongoing, active participation from the communities involved. We are convinced that, by promoting greater participation and identifying new areas for joint work, we will be able to not only conclude our pending commitments but also advance in engagement and social investment in order to soundly manage company-generated impacts as well as contribute to sorely needed development for the department of La Guajira.

The paragraphs below contain more details on progress over the last six months in these pending cases and other topics of interest. We hope you will find this information useful.

Media Luna

After delivering the first house to the traditional authority of Pioula in December of 2015, we issued a tender for building the remaining 20 houses in the Media Luna sector. Work began in February of this year, but in July work halted for 15 days due to a conflict between the two traditional authorities in the community. The conflict was resolved through mediation with the Uribia mayor's office and the Conciliators Senior Council (Junta Mayor de Palabrerros), agreeing that two of the pending houses would be built by the mayor's office in the Uribia urban area. Currently, the other 18 houses are 70% completed, and the community is expected to take possession between December 2016 and February 2017.

Resettlements

In the past six months we have made significant progress in our resettlement processes. We are very close to reaching agreements with 100% of the families from Las Casitas eligible for relocation. We have signed agreements with 30 out of these 31 families and we continue talks with the last remaining family. It's important to highlight that we have made progress in the negotiations with the families located in the rural side of Las Casitas, reaching agreements with 13 out of the 18 families and moving forward with the negotiation with the five remaining families. In addition, we have reached agreements with 98% of the uninhabited plots from this community (295 out of 301 plots) and 86.7 % of the rural plots.

Talks with the indigenous community of Tamaquito II have made huge advances that have allowed us to get closer to a jointly agreed closure of the resettlement process. We are currently in the process of purchasing a new potable water treatment plant to provide more efficient services and we are providing support to the community in the design of a associative livelihood project at the La Liga plot. We are continuing to provide support for their constitution as an indigenous reservation, taking the necessary steps with the National Land Agency. Additional support has been provided to the community in the creation of a business that provides different labor services. We signed a contract with them to plant 11,870 trees on the property to comply with the measures required by Corpoguajira in compensation for building the resettlement. The support of the NGO Indepaz in verifying agreement compliance has been extremely valuable.



In regards to the community of Roche, we have signed relocation agreements with all of the 25 families eligible to resettlement. 24 of these families are living in the new village and we maintain talks with the remaining family to coordinate the implementation of the necessary adjustments to his dwelling in the new town. We have an open process with Mr Tomas Ustate who was the last family to relocate to new village after the judicial handover that took place in February of this year. Despite the multiple attempts carried out by the Cerrejón team, Mr Ustate has not accepted the additional land that was agreed as a compensation measure for the family to continue developing their cattle rearing activities. Also, Mr Ustate hasn't removed either the cattle from the plot where the animals were taken to after the handover procedure as requested by the Judge and Cerrejón. In July, the Judge authorized Cerrejón to sell the cattle and deposit the proceeds in an account in the family's name. We are willing to engaging with Mr Ustate and his family in order to define a date for the delivery of the agreed land so he may able to continue with his economic activity.

Prior consultation is currently underway with the Patilla and Chancleta families in accordance with the ruling by the Constitutional Court in March 2016. This ruling recognized the right of these communities to recognize themselves as African-Colombian and thus suspended the agreement Cerrejón had reached with the group in December 2015. The consultation process has already finished several stages, including the preliminary consultation meeting, six impact-identification workshops, three training sessions organized by the Ministry of the Interior on the rights of African-Colombian communities, and visits to learn about the experiences of other African-Colombian community councils in the country. Currently, the community is involved in internal talks to decide on the type of resettlement they would like (collective or individual). The next meeting with the authorities is scheduled for November 9. A new council of Patilla African-Colombians presented a new *tutela* action requesting a consultation. However, this request was denied. The plaintiffs have appealed to the Supreme Court, but it has not admitted the case.

Access to water in the resettlements and production projects

The environmental authority authorized the operation of a water-uptake point to collect water from the Ranchería River. This project will provide for household consumption and for production projects on the one-hectare properties adjoining the houses. To that end, steps are underway to upgrade the water treatment plant and to upgrade the existing irrigation system in Roche, Patilla, and Chancleta. In Tamaquito II, 33,000 litres of drinking water continue to be delivered every week and household uses are covered by access to the new well, while the new water treatment plant is installed. Currently, 173 resettled families have 168 production projects, of which 126 are in operation. In addition to support for individual projects, we are also promoting the organization of collective projects and educational strengthening for employment in order to provide extra opportunities of income generation for the resettled families. In line with this proposal, we are improving measurements on income and project status and making the measurements more robust.

Tabaco

In 2016, Cerrejón made significant progress in engagement and commitment compliance. With the support of the Hatonuevo mayor's office, the Monitoring and Control Committee was reactivated (which includes the Tabaco Pro-Relocation Committee, Cerrejón, and the municipality of Hatonuevo) to reunite the community and progress on organizing the village construction. As a result of this joint work, in October 2016, we notified the municipality of Hatonuevo that we would start internal procedures to approve the handover to the municipality of the pending 175 hectares of the La Cruz property.

Cerrejón agreed to the community request to begin construction of the community centre, and complying with the pending commitment has bolstered the village's physical and social reconstruction. While topographic and soil surveys are taking place, we have begun joint work with the three groups representing the community to draw up the concept and detailed designs for the centre, including visiting other community centres in the region. The design is expected to be finished and delivered by January of 2017.

We continue to await the Constitutional Court's ruling on the *tutela* action presented by the Hatonuevo Ombudsman and community members represented on the Tabaco Social Pro-Relocation Committee. In the initial lawsuit, which was ruled in favour of Cerrejón in two instances, the plaintiffs requested that Cerrejón's license be suspended, that



they be compensated again, and that the bargaining process begin again retroactively applying current standards and jurisprudence.

Preventive measures in Puerto Bolívar

The regional environmental authority (Corpoguajira) ordered, as a preventive measure, a halt to Cerrejón's transportation and loading operation from August 27 to 30 of 2016 while immediate actions were taken and a plan was put in place to increase coal dust emission controls. Particulate matter emissions in Puerto Bolívar are 36% lower than the threshold limits set by Colombian legislation and are not considered harmful to health. However, Corpoguajira requested increased control measures and new coal dust cleaning plans in order to prevent discomfort in communities residing within the industrial reserve. After complying with these actions and verification of the plan by the environmental authority, operations were allowed to resume. As we are aware of the possibility of improving our performance, we have allocated the necessary economic and human resources to keep our commitment of diligence with the environment and respect for the communities neighbouring our operations.

La Puente Pit project

Once the regional environmental authority (Corpoguajira) granted the pending permits in January of 2016, we were able to start the engineering works in the La Puente Pit. As informed before, this project has been part of the company's Comprehensive Environmental Management Plan since 2005 and was approved by the National Permitting Agency in 2014. In addition, we completed the prior consultation process with the indigenous community of Campo Herrera as required by the Ministry of the Interior. Per request from the La Guajira Administrative Court, the Ministry of Interior reviewed again potential impacts in other neighbour indigenous communities and concluded that the project does not generate impacts over their access to water, territory, mobility or cultural practices. Several government technical institutes were also requested by this Court to carry out in depth revisions on the possible effects on the access to water for these other communities and results are expected to be socialized soon.

Adicionalmente, se cumplió con el proceso de consulta previa con la comunidad indígena de Campo Herrera como fue requerido por el Ministerio del Interior. Por requerimiento del Tribunal Administrativo de La Guajira, el Ministerio del Interior revisó de nuevo los posibles impactos en comunidades indígenas vecinas y concluyó que el proyecto no presenta impactos sobre el acceso al agua, el disfrute del territorio, la movilidad y las prácticas culturales de estas comunidades. Por otro lado, varias instituciones de carácter técnico estatal revisaron a profundidad los posibles efectos sobre el acceso al agua de estas comunidades y se aprestan a socializar las conclusiones de este estudio en breve de acuerdo a la orden del Tribunal.

We are open to responding to any concerns regarding these and other topics of interest. We reiterate our willingness to continually improve and strengthen our engagement with the groups and people neighbouring our operations.

Cordially,

Roberto Junguito
CEO
Cerrejón