

■ Sustainability Report



A Message from the President		8
Company's Profile		10
Vision and Strategy		18
Corporate Policies and Organizational Management		28
Strategic Planning		38
Socio-economic Dimension		68
Relationship with our Stakeholders		90
Relationship with Employees		102
Relationship with the Environment		116
Relationship with the Community		130
Standards Fulfilment		146
Glossary		159





Sustainability Report



Cerrejón
Carbón para el mundo,
progreso para Colombia

A MESSAGE FROM THE PRESIDENT

More than two decades ago, Cerrejón led the implementation of a Corporate Social Responsibility programme in Colombia. This was based on the principle that social actions should not be just a mere statement, but a core business activity. With this in mind we have developed a business management tool that allows us to plan, verify, assess and evaluate our performance in the different aspects that form our Corporate Sustainability policy. The result has been an annual report that informs our workforce and indeed the entire community about our accomplishments in the social area.

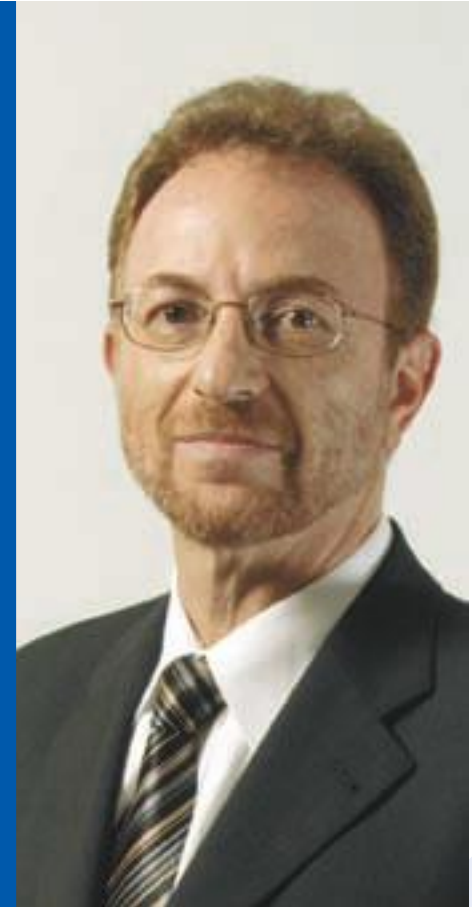
This specific annual report can be seen as a “heavy weight”, because of the quality, quantity, and the importance of the information that it contains. As part of our continuous search for processes improvement and the constant assessment of the communication mechanisms, this year we have considered timely to present our Social Responsibility performance through an internationally accepted framework.

This standard is the Sustainability Reporting Framework established by the GRI (Global Reporting Initiative). This is an international non-governmental organization that developed non-compulsory guidelines with the purpose to lead organizations in the process of informing about the social, economic and environmental aspects of their activities, and products and services. Our commitment is to advance gradually in the implementation of these guidelines with the objective of producing a publication in accordance with the GRI standards. In this document we express our commitment with the application of the United Nations Global Compact, relating to Human Rights issues, labour conditions, environmental concerns and transparency. Similarly we have taken into account the sector’s briefing from the International Council on Mining and Metals (ICMM).

In our first Sustainability Report, we briefly present our activities and performance in compliance with the Security, Health, Environment and Communities Policy. Furthermore, we present the results we achieved in 2005 in the operational area and the development of high impact projects for our organization.

In each of these areas we have made important achievements. Regarding our performance in safety, we should highlight that in that period no fatalities occurred to employees or

1.2



contractors in our operations, achieving almost 2 years without these kind of regrettable incidents. The registrable injury frequency rate (lost time, restricted work, medical treatment) was 0.72 (based on 200,000 man-hours), inferior to the 0.75 in 2004. This resulted in the best rate in Cerrejón's history. Regarding the classified injury frequency rate (lost time and restricted work) we achieved 0.34, that is the same rate as in 2004 and also the best in Cerrejón's history.

We continue working towards achieving an injury free operation, extending the use of safety enhancement tools that have given us good results in the past and exploring the use of additional tools that have proven to be successful in the international mining industry.

In the operational area we have registered a sustained increase in production and we have set the grounds to reach a production of 32 million tons per year by 2008, and possibly above 40 million tons per annum in the medium term. This last challenge implies the implementation of a very detailed expansion project that will be harmonically developed with the environment in mind, and, of course, with full community consensus.

Cerrejón has always been an unconditional ally to La Guajira State and we have always committed ourselves with their culture and with the sustainable development principle. The activities shown in this report demonstrate our effort in constructing a social network -very much needed in this area- to grow and become a leader in the development of the region.

Through the Sustainability Report, we make public our accomplishments and weaknesses and we show our optimism about the future through the projects and plans that are lying ahead of us.

A prosperous future is possible for everyone: for our workers, our families and the community.

Cerrejón supports the community: we do not settle for the minimum necessary; we strive for the maximum possible.



León E. Téicher
President







COMPANY'S PROFILE





COMPANY'S PROFILE

2.4
2.2
2.3
2.5
2.6

Cerrejón is a mining operation carried out in La Guajira peninsula- Colombia's northeast region. It is the northernmost point of South America. The mining area spans 31 miles along the valley of the Rancheria River, between the Sierra Nevada de Santa Marta and the Perija Sierra, covering a zone of 169760 acres, with proven resources of nearly 2.140 million tons down to a depth of 984 ft, and recoverable resources of 930 million tons of coal.

Our integrated operation includes: mine, railroad, and port. We have achieved world-class results and a competitive position in the world's coal market.

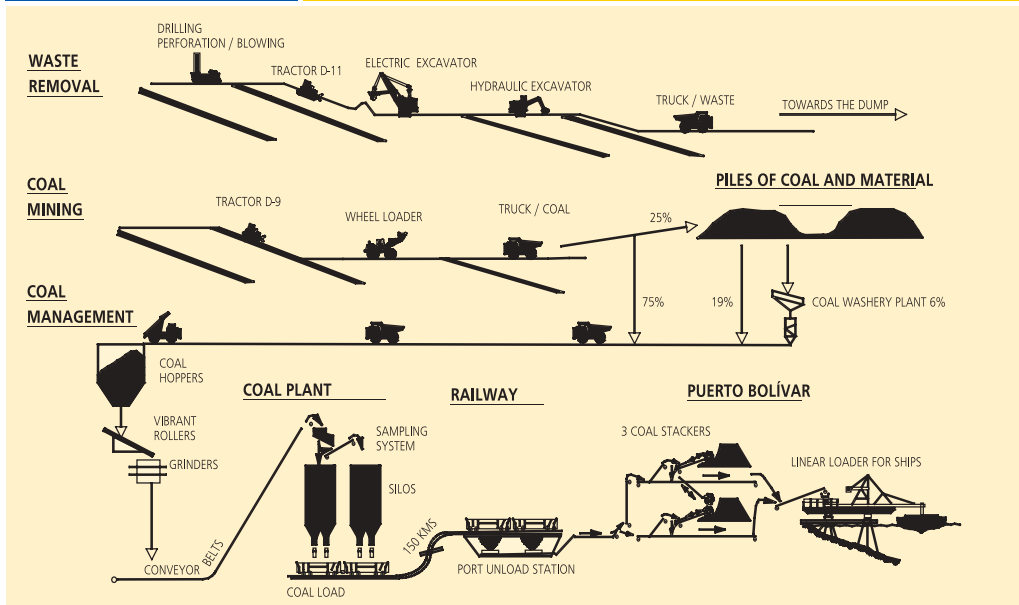
Mining is open-field, and the coal extracted has a high calorific value, low sulphur, and low ash content. We operate a 93 mile long railway joining the Mine with the export port, Puerto Bolivar.

Carbones del Cerrejón LLC is a private company of limited responsibility. It is owned in three equal parts by subsidiary companies of BHP Billiton plc, Anglo American plc and XStrata. The operation is targeted at the exploration, production, transportation and shipping of high quality thermal coal from the Cerrejón reservoir.

The Mine

Open-field mining is a sequential activity that starts with the clearance of the surface vegetation and careful removal of the topsoil, which is stored for future restoration of the used lands. Then the excavation is started, followed by the fragmentation and removal of the inert material until the coal layers are exposed.

The coal is transported on trucks from the mine to the storage piles and the grinders. Once the coal is grinded, it is taken to by the conveyor to silos that load the train. The machines and equipment used in the mine are among the largest in size and capacity in the world, and are of the most advanced technology. Approximately 6% of the extracted coal is washed to improve its quality.



The Port

Puerto Bolívar is the most important coal port of Latin-America and one of the largest in the world. It is located 93 miles north from the mine on the Caribbean Sea, and can host ships of up to 180.000 tons (dead weight), 984 ft long, and 147 ft wide . Its navigational channel is 69 ft deep, 870 ft wide and 2.5 miles long.

The main facilities of the port are the train unloading station, three stackers-reclaimers, and the lineal ship loader which directly places coal into the ship's hull at more than 5.500 tons per hour. The port also has a supply pier to host ships of up to 30.000 tons, with machinery, spare parts, fuel, and other supplies for the mining operation.

The Railway

The 93 mile long railway connects the mine with the port. The coal is transported in trains of up to 120 cars loaded in the silos in a continuous way. The time of the complete cycle of load, transport, unloads, and return from the port to the mine is approximately 12 hours. Seven trains are dispatched daily. A service train operates for the transport of supplies, materials, and spare parts. A centralized traffic control systems controls the on-rail traffic from the Mine.

Support services

We use other facilities to support such operation: two airports (one at the mine and another in Puerto Bolívar); satellite telecommunications, and advanced information systems in all the areas.



Some Meaningful Numbers 2005:

Regional and National Impact

2.8

- Cerrejon's mining operation represents almost 45 % of La Guajira's GDP
- Cerrejón is the second largest coal exporter in Colombia and the first one in the private sector. Sales represent 55-60 % of Colombian coal exports.
- Cerrejón coal represents 6% of Colombian exports.
- Coal is Colombia's second export product, surpassing coffee.

Employment generation

- Employees: 4.424
- Contractors: 3.877

Operation

- Total coal: 26 million tons
- Waste removed: 172 million BCM
- Total exported coal: 25.5 million tons

Taxes and Royalties

In 2005 Cerrejón generated 106 million dollars in royalties, and 144 millions in taxes.

Environmental Performance

- In 2003, Cerrejón's operation received the ISO 14001 and OSHAS 18001 certification, which maintains to date.

- Air quality monitoring network: 18 total suspended particles (TSP) and breathable particles (PM-10) sampling stations, in accordance to national laws.
- 2.278 rehabilitated hectares and more than a million planted trees.
- Cerrejón has domestic and industrial residual waters control systems in all of its facilities.
- A wildlife control and protection programme has been developed for intervention in mining and rehabilitation areas to ensure conservation of native species.
- Recycling of solid residues that are generated as a result of our activities is encouraged. In addition, the operation has a manual sanitary disposal and an incinerator for eliminating special and dangerous solid residues.
- Cerrejón has an environmental awareness training programme, to ensure adequate environmental practices that will lower the impact of our operations.

Social Performance

During the period of this report, Cerrejón invested approximately US\$3.5 million in projects related to education, health, and productive development in the indigenous and non-indigenous communities located in 13 of the 15 municipal areas of La Guajira department.

Education

- Construction and supply of CREM, Fonseca's Municipal Didactic Resources Centre - 12,000 assisted students.
- Cerrejón's Scholastic Excellence Scholarship - La Guajira's top 10 high school graduates receive full funding for their university education.
- Educative improvement plan: promotes integration and strengthening of education institutions.
- 20 years of the Etnoeducational pilot programme: Kamüsüchiwo - unique model in Colombia.

Health

- Health Brigades: annual average assistance to 8000 people in the area of influence.



- Strengthening of the Public Health Network through medical equipment and infrastructure.
- Barrancas Hospital: total investment of US\$4.5 million in the project.

Cerrejón's Foundation

- Offices in Riohacha and Barrancas.
- Promotion and creation of micro-enterprises and solidarity groups: US\$3.2 million in 2.040 loans.
- Basic sanitation improvement.
- PAICI: Integral Assistance Plan for Indigenous Communities: 218 communities aided during 2005 - 35.010 indigenous people in productive programmes like handcrafts and goat meat.





VISION AND STRATEGY





1.1

VISION AND STRATEGY

3.7

Vision

To be renowned in the national and international coal market as the world-class, most reliable and efficient producer and exporter, as an excellent partner that fulfils the highest safety, health, environmental and sustainable development standards, and as a Company of ethic behaviour, respectful of the human rights, and effective contributor to the development and wellbeing of the communities where it operates and of the whole nation, promoting the people's participation and excellence, achieving the best profits for its shareholders.

Strategic Objectives

To ensure that the plans and activities achieve the Vision, six strategic objectives have been defined to align and articulate the strategies and plans of the different areas of the Company.

1. Health and Safety

To establish a free-accident culture, decreasing the accidentally indexes and minimizing the probability of occurrence of work illnesses.

2. Social Responsibility

As a responsible company we look forward to promote and support the sustainable development of the communities in our zone of influence, in a way we can contribute effectively to the progress of the region and the country. To guide all our activities with integrity and respecting the principles in human rights, work relations, and anticorruption areas. To carry out operations under the concept of sustainable development, by applying the best practices for the effective control of the adverse impacts on the environment.

3. World-class Human Resource

To create the organizational conditions to attract, motivate, train, develop and ensure the permanence of the human talent, and guarantee in a continuous basis the knowledge and necessary requirements to make our operations with world class standards; and also to offer an excellent work environment for all the members of our team.

4. Expansion of the Production

To expand the production to 32 million tons annually in the short time; and create the conditions to increase production to more than 40 million tons.

5. Quality and Client Satisfaction

To satisfy the needs and expectations of the clients and consumers of our coal in terms of quality, opportunity, development, and technical assistance through the coordinated effort



of the planning, mining, grinding, transport, shipping and marketing areas. To establish operational and sales plans in harmony with the product of the mine and with our operational capacity ensuring its accomplishment. At the same time, to ensure the product's quality in each of the steps of our operative processes.

6. Competitiveness and Efficiency

Improve continuously, optimize the use of resources, and innovate in all our processes in the operative, marketing, and administrative areas, and all their interactions, to develop proper conditions for us to maintain our position amongst the first quartile of lower-prices exporting mines without any setback in our expansion objective, and assuring the long term stability of the mine. At the same time, identify and develop business opportunities that grant an added value to coal production and sale.

Values

Safety, Health and Environment

Safety, Health and Environment are our highest priority. We must obtain excellent results in our business by work processes that control in an effective-cost way the risks to the people, to the environment, and to the equipments and facilities.

Ethic and Honesty

We are interested in getting results keeping an ethic and honest behaviour of the highest integrity in all our actions. A good reputation, founded in transparent business management, is an invaluable asset.

Respect and Trust

Mutual respect and the professional life are fundamental for a stimulating work environment in the search of the corporative objectives. Our personal relationships must be based on sincerity, and from the beginning, in the premise of mutual trust from the parts involved.

Women Promotion

We support the efforts focused on promoting the active participation of the Organization, acknowledging their presence and leadership as relevant contributions to the creation of a better work environment with more participation, collaboration, and colleague relations.

Excellence in Relationships

We establish mutual beneficial relations that create prosperity, trust, confidence, and new opportunities with the people and institutions we relate with, since they are fundamental to guarantee the future sustainability of our operations.



Responsibility Objectives. Results and use of the resources

It is responsibility of each work section to accomplish the established goals and objectives proposed in the frame of the corporative strategies. We value the simplicity and effectiveness of the working processes, as well as the effectiveness reflected in the strict use of the resources in the related processes.

Communications

Honest, relevant, adequate and timely communications are essential for the achievement of corporative objectives. Information is a right for the ones who need it in the development of their functions, and is also a duty to search for it.

Leadership, Participation, and Team Work

Cerrejón values effective leadership, and the participation of the workforce in the processes of the organization. We acknowledge the need to listen several points of view for decision making at the corresponding level. Additionally, we value team work under the light that an efficient sharing of understanding offers better results than those merely from the individual.

Adaptability, Innovation, and Improvement

Adaptability, agility, and proactive response to changes in the surroundings are highly valued in our employees, and are vital for the Company to ensure our competitiveness and to answer properly the needs of our clients and of the market we work in. We encourage and value the open mentality and the aptitude to innovate and search mechanisms and opportunities for the improvement of our processes.

Integral Individual Development

The development of the people is product of their willingness to succeed in the technical, professional, human, and social fields. Through this individual development, the results of the Company are better every day. That's why we provide mechanisms for the individual development in an equity environment, where the employees can grow both, personally and professionally, at the same time supporting the growth of others and of the Company.

Acknowledgment

We value and promote the acknowledgment by the achievement of results among our guidelines. Through acknowledgment we strengthen personal motivation and the active participation of all the employees. We celebrate our successes and reinforce winner attitudes.

Exemplar Citizenship

The Company as a whole and every employee should be exemplar members of the community where we work committed to its culture, and with the principle of sustainable development.





ORGANIZATIONAL STRUCTURE

3.1
3.4
3.8

Shareholders committee

The Shareholders committee is formed by a main representative and a substitute from the BHP – Billiton, Anglo–Australian, Anglo-American, South African and Xstrata, and Switzerland Enterprises. The three companies are inscribed in the London Stock Exchange. The committee meets thrice a year to analyze the development of the actions established in the annual plan, and to approve the investments. In one of this meetings the budget for the next year and the five-year plan are approved.

There are also several meetings that allow the shareholders to exchange their suggestions. Shareholders meetings (3 per year), Marketing Board: (3 per year), Technical and Operations review (4 per year) and the telephonic conference for monthly performance evaluation.

Shareholders Board: Held in the months of April, September and December each year. They are divided in two parts: a Financial Committee and the Shareholders board itself.

Marketing Board: In this session the issues about clients, contracts, sales plans, prices and sales projections, among other topics, are reviewed.

TORC - Technical and Operations Review Committee: The four meetings in the year have a technical and operational focus. This committee reviews in detail topics of the mining plans (geological models, exploration, etc.). There are also preliminary reviews of the use of capital that the shareholders board will approve, and topics related to the expansion plans on short and long term are reviewed and approved.

Telephonic Conference for Revision and Development: It is held monthly. Its purpose is to review comments and inquiries from the financial and operational reports that are sent to the shareholders every month.

Management and Vice-presidency Meetings: The Vice-presidency and the Management of Cerrejón meet weekly, monthly and quarterly. Every week the COO and the Vice-presidents



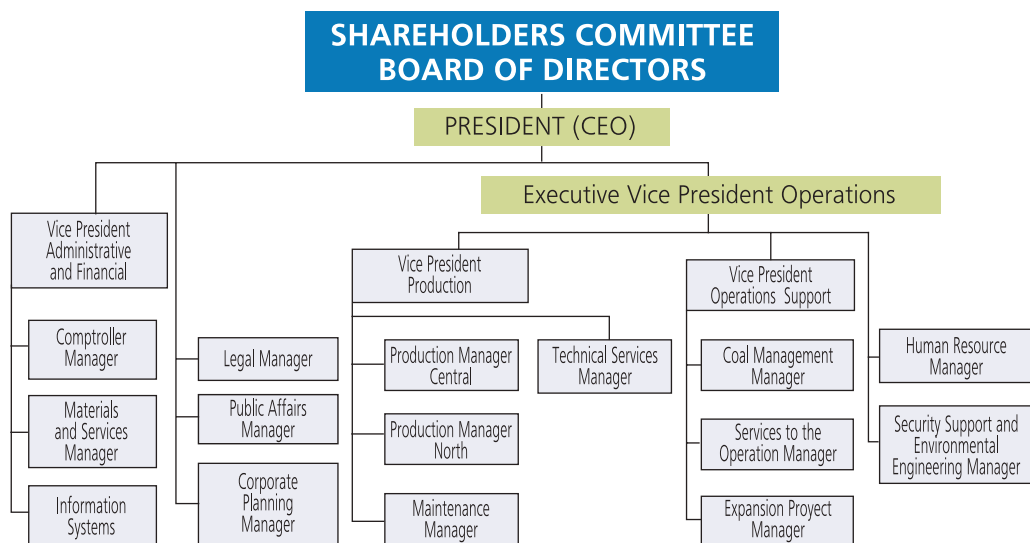
and mine managers meet. Every week an Operational Integrity meeting is held, and it is attended by the COO, the Vice-presidents and Mine managers.

Every month a staff meeting is held at the Financial Vice-presidency, where the Materials Department, Controller, and Systems sections meet with the Financial Vice-president. Also, a meeting with the CEO, the Vice-presidents, and all the managers is held to review the monthly report to be sent to the shareholders. The quarterly meetings review the control of the departmental indicators and plan control, and all the managers, vice-presidents, and the CEO attend.

Management Committee

The main function of this committee is to make decisions for the proper working of Cerrejón. This committee reviews the investment plans requiring high-level approval, contracts and contract needs of the company, and relevant topics that need the approval of the highest levels of the Company.

- 3.6 This committee is formed by the CEO, COO, the Vice-presidents, the Legal Department Manager, the Corporate Planning Manager, the Human Resources Manager, and the Comptroller Manager, this last one acting as the Secretary of the Committee.



- 3.5 Cerrejón has a variable reward system for all the executive levels that is applied depending on the achievements of the goals established every year.





CORPORATIVE POLICIES







CORPORATIVE POLICIES

3.16 ■ Policies that guide the action of our collaborators

3.7 Cerrejón, as a leader company in the mining market, worries about its achievements as well as the way they are reached.

The Policies and Behaviour Guidelines Manual gathers the most important policies and precepts that guide the Company's life as well as those of its employees and collaborators. Nobody in the Organization has the authority to surpass these policies, and no objective justifies violation. The following is a summary of the current policies in practice. To know the complete contents of each policy, please check www.cerrejoncoal.com.

Safety, Health, Environment and Community Policies

Cerrejón's policy -concerning its open-field activities, coal transportation and shipping in La Guajira, and the activities in other places where it operates- is to carry all operations and businesses in harmony with the environment and the society, while we protect employees safety and health, and we contribute to the development, welfare and culture of the communities in the zone of influence. We also work to implement the best practices of the mining industry in areas such as Safety, Health, Environment and Communities.

The exercise of this policy will be carried out by the use of an action system to deal with the risks in Safety, Health, Environment and Communities among a continuous improvement process that follows these directives:

- Design and maintenance of the facilities, and establishment of operational processes that ensure the safety of people, property, and the environment.
- Continuous effort to identify and administer the risks related to our activities.
- Fulfilment of the laws and applicable norms, as well as other obligations we have voluntarily assumed.
- Application of our own standards when they exceed the legal norms or when there are no norms at all.

- Quick, adequate and careful response to emergencies or accidents in our operations.
- Programmes in Occupational Health and Safety to improve our employee's well-being.
- Periodic evaluation of our employees' health to identify and control work related illnesses.
- Creation of awareness, training and establishment of commitments between our employees and contractors in accordance with Human Rights, International Humanitarian Law, and Voluntary Principles.
- Transparent relationships with the Private Security contractors, State Security Institutions, the Colombian Army and National Police, in the frame of the Voluntary Principles.
- Respect for the fundamental Human Rights, especially those of native communities, preserving and fortifying their culture, identity, traditions and customs.
- Answer appropriately to any questions from neighbouring communities and make permanent efforts to keep cordial relationships based on cooperation and dialogue.
- Work together with the communities and State Institutions in projects for the interests of human life, and improve people's quality of life with sustainable development.
- Job opportunities according to our possibilities and the requirements of our operations, promoting the best possible use of the resources from the region and the country.
- Train, create awareness and obtain commitment from the employees and contractors for the achievement of this policy.
- Establish appropriate communication channels to promote our programmes on Safety, Health, Environment and Communities, and know the questions of the people on these topics.
- Exercise continuous revision and evaluation of this policy to assure its execution and measure its coverage.

■
| HR12

■
| HR2

Relationship with the Clients and Product Quality Policy

Carrejón acknowledges that client satisfaction is extremely important for success in the business. Conscious of our responsibilities with direct clients and retailers, the Company works in understanding their requirements and questions, and in answering their needs in the effective way they deserve. In this field, the Company's policy is:

■
| PR1

- To provide a high quality product that fulfils or exceeds the necessary specifications and needs of the consumer under reasonable circumstances.
- To offer services complying fulfilment, efficiency, and courtesy standards.
- To provide precise and sufficient information on the products and services, including details on guarantees to allow clients to have a complete scenario to make a well-based buying decision.
- To offer precision in advertisement and all communications.

Communications policy

Cerrejón promotes and encourages a two-way communication process to create a positive dialogue, and to coordinate processes guaranteeing corporative coherence. Clear, relevant, and appropriate communications with the stakeholders are essential to reach the objectives of the organization.

Social Work Responsibility Policy

Cerrejón is a Company committed to the integral development and well-being of its workers, and respects Colombian laws, free association rights and collective negotiations in pursuit of the improvement of their health and safety conditions that will allow the workforce a social and economic progress, as well as the establishment of fair commercial relationships with providers and contractors. These directives form the Social Responsibility Policy of Cerrejón with its Human Force, and they are applied through an action system that includes Cerrejón's effort to commit its providers and contractors in the adoption of these guides inside their organizations and operations.

Human Rights Policy

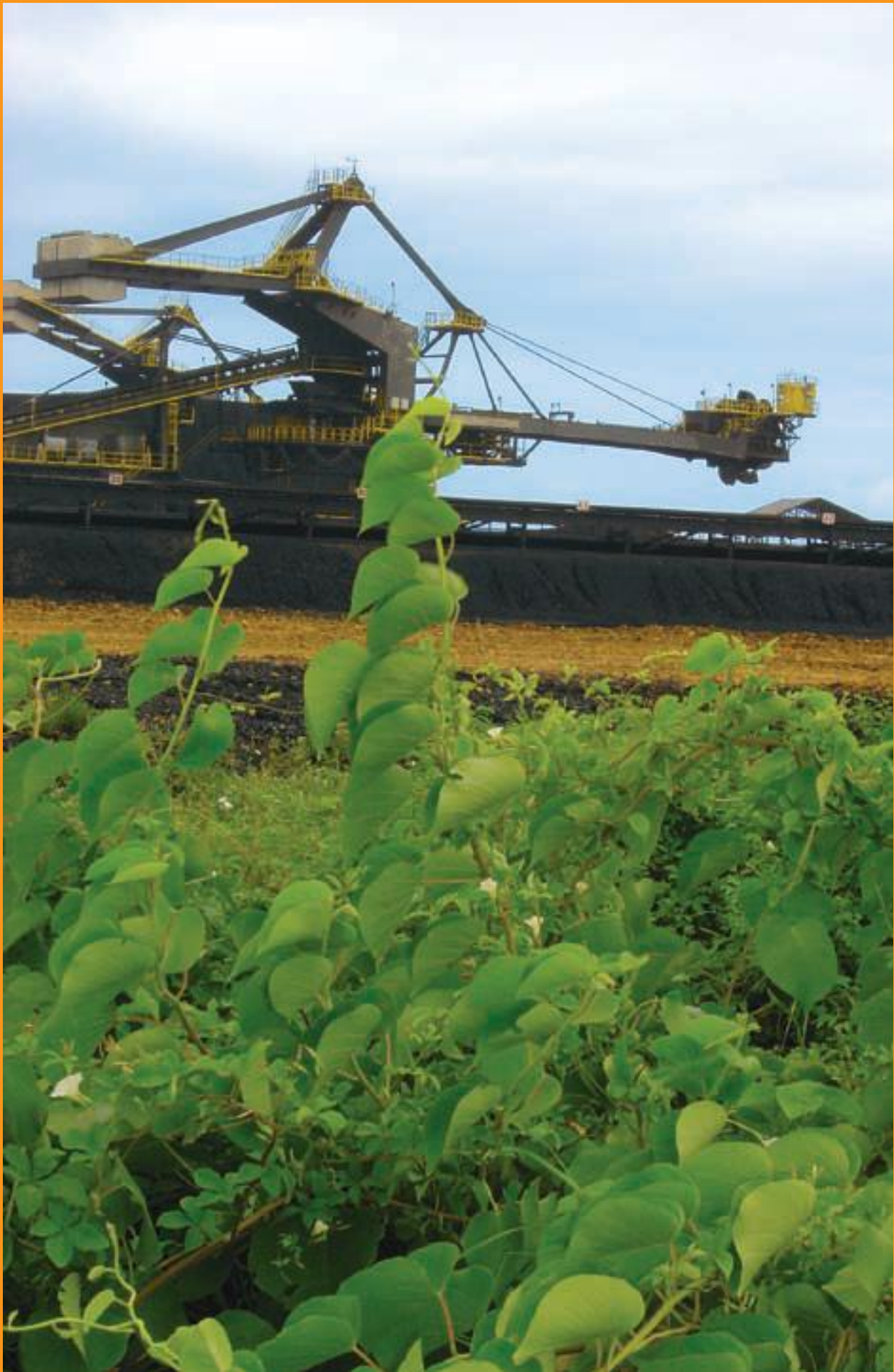
It is policy of Cerrejón to make its operations in a way that Human Rights of employees, contractors, third parties, clients and general public are respected, protected and promoted. The same policy is expected from the contractors who are responsible for the promotion, protection and respect of Human Rights in every region where their work or services are executed.

Ethic Policy

It is policy of Cerrejón to follow strictly all the laws comprising its business. This policy does not end there: even when the law is relaxed, Cerrejón demands maximum integrity to perform all actions. Honesty is not subject of criticism in any culture.

We do not tolerate workers who get results by breaking the law or using unscrupulous methods. We don't allow reprisals against workers who inform about irregularities.

Cerrejón opposes completely to corruption. No bribes will be offered or accepted, and this policy will be exercised through a strict internal control system. The so-called "facilitating payments" are completely prohibited.



S02
S03
S05

Political Activities Policy

Cerrejón does not contribute to political parties or candidates, except in the cases where the law allows it and after the authorization of the Executive Board.

Drug and Alcohol Use Policy

The improper use of medications, and the use, possession, distribution or trade of controlled drugs, hallucinogen, nervous, or dependency drugs during work hours, or inside facilities or vehicles of the Company are strictly prohibited and are a causal of contract termination.

HR4

Equality of Opportunities Policy

It is policy of Cerrejón to provide equal job opportunities according to the applicable laws to every person who is qualified to perform a job. The Company executes these policies, programmes, and practices in a non-discriminatory way in all work related aspects, including recruitment, hiring, job assignment, promotions, transferences, terminations, wages, and training selection.

The employees will not be the object of harassment, discrimination, intimidation, or reprisals by the exercise of the rights protected under this policy.

HR4

Productive Work Environment Policy

It is policy of Cerrejón to promote a productive work environment based on the respect to people, to the diversity and the ideas of every one.

As part of the productive work environment policy, the Company specifically prohibits any kind of sexual, ethnic, racial, or any other way of harassment towards and from the employees, contractors, providers and clients.

Management Control Policy

Effective controls are essential for an efficient outcome in all operations and businesses practiced by Cerrejón. The word "controls" refers to all the procedures the Company uses to guide, restrict, govern, and verify all activities. The responsibility implied in these controls involves every employee working at Cerrejón.

Control Environment

Following the company's objective, that is to preserve the interests of the shareholders and the community, the Company has developed a managerial control system to assure the efficiency and proper use of the resources and the protection of its assets. These controls are made with the regard of guaranteeing that the company is being managed according to the policies and procedures established by the shareholders and the management.

As part of the responsibility of Management in the control exercise, the storage of financial records that reflect the reality of the assets and liabilities of the Company is demanded. The integrity and fidelity of these accounting records are supported by a system of internal controls that include procedures and techniques designed to provide reasonable trust that the objectives are fulfilled.

Organizational Responsibilities

The Management, Comptroller, Internal Auditory, Internal Control Advisers, the employees and the external auditory are responsible for the creation and proper function of the controls.

Fraud Report

To strengthen this purpose, the Company has established an emergency line to report fraud.

■ HR9
|

Precaution Principle

The Wingspread Declaration in 1998 about the Precaution Principle states that: "when an activity represents a risk of damage for the human health or the environment, preventive measures must be adopted, even though some relations between cause and effect are not scientifically established in its entirety" (the Wingspread Conference on the Precaution Principle was made by The Science and Environmental Health Network).

■ 3.13
| MM10-

This declaration, together with Principle 15 of Rio's Conference on Environment and Development in 1992, expresses the obligation to suspend or cancel all the activities that endanger the environment, despite the absence of scientific confirmation.

According to these guidelines, Cerrejón implemented structured methodological procedures to be systematically applied to identify and manage the risks of the business, gathered in the following categories:

• Strategic	• Counterparts
• Relation with Stakeholders	• Policies
• Venture Capital	• Operations
• Safety	• Fraud
• Foreign Currency	• Mineral resources base
• Health	• Workers performance and industrial relationships
• Liquidity	• Technological information
• Environment	• Laws and regulations

Control measures are implemented and monitored continuously to eliminate or lessen the risks and to ensure their proficiency and sustainability. Reports on the state of the risks are sent periodically to the Shareholders for their information and control.

The procedure implemented for risks analysis evaluates the risks of the Company taking into account the impact, the frequency, and the probability of their occurrence. The methodology obliges to the identification of control measures to eliminate them or minimize them. The final outcome, called residual risk, is recorded for its monitoring and control. Additionally, the company has established some action indicators that help the monitoring and control of the different risk scenarios.

INDICATORS

Incidents with lost time + restricted work
Reported Incidents (excluding first aid)
Casualties
Air Quality in the Mine
Air Quality in the Port
Keep ISO-OSHAS Certifications
Recovered Lands
Incidence of work illnesses
Real vs. Planned Coal (produced-sold Tons)
Real vs. Planned Sterile Material
Direct Coal to Grinders
Ship Loading Measures
Real/Planned Exportations
Accomplishment of shipping specifications
EBIT Aggregated
Cash Flow Generation
Unitary Costs
Total Absenteeism (excluding vacations)
Illness Absenteeism
Low qualification auditory controls





STRATEGIC PLANNING





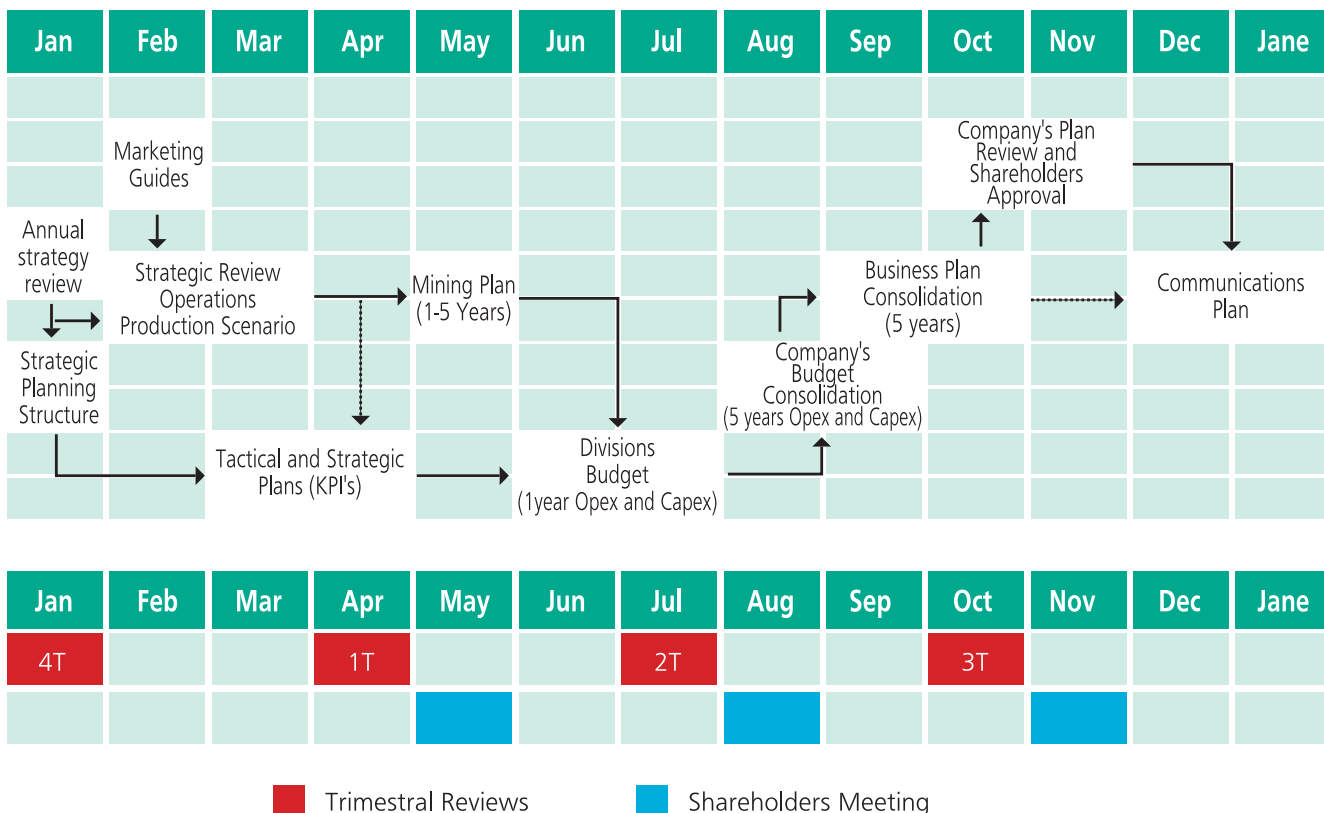
STRATEGIC PLANNING

3.19

The activities to establish the goals and priorities of the year are contained within Cerrejón's planning cycle. In this cycle the realization of a planning session called "Revisión Estratégica Anual" (Annual Strategic Revision) is carried out, in which the critical issues and the strategies to be developed for the following year are discussed. In the quarterly meetings (January, April, July, October) there is a follow up on the action plan and the key performance indicators of each function.

There is also an Annual Communications Meeting. The objectives of this meeting are to show the plans, goals, and priorities to the whole organization. It is the opportunity that the employees have to interact, make suggestions, comments and ask questions in all the levels of the organization: directives, analysts, technicians, and operators.

Graph 1: Cycle of Cerrejón Planning





MAIN STRATEGIC GOALS OF CERREJÓN

Cerrejón's management promotes an exercise of reviewing the corporative strategic framework in order to redirect its main objectives and strategies for the following years. This redirection is a consequence of the challenges imposed by the increase in production, and maintaining adequate levels of efficiency and competitiveness. The results of the discussions that have taken place during this process are briefly outlined below.

Safety and Health

Establish an accident free culture that constantly decreases the accident rate and minimizing the probability of occupational health and safety problems.

Social Responsibility

Promote and support the sustainable development of the communities that are located in those areas influenced by our operations, in a way that we can effectively contribute to the progress of the region and the whole country. Perform all our activities with integrity and respecting all the principles of conduct and actions in regards to human rights, work relationships and anticorruption. Carry out all our operations under the concept of sustainable development, throughout the application of improvement practices for the effective control on the negative impacts on the environment.

World Class Human Resources

Create an organizational environment that attracts, motivates trains, develop and helps retain the skilled human talents, and, at the same time, that ensures that the knowledge and the

necessary competencies needed to perform our operations at world class standards are kept sufficiently and permanently.

3.18

Productivity Expansion

Productivity should increase to 32 million tons per annum in the short run and create the competitive conditions that allow an increase of the operation to volumes greater than 40 million of tons in the medium run.

Quality and Customer Satisfaction

Fulfil the needs and expectations of the clients and consumers of our coal in terms of quality, opportunity, performance and technical assistance, throughout the integration and coordination of our planning functions, mining operations, triturating, transportation, shipping and marketing.

Establish operational and sales plans that go in line with what the mine produces, our production capacity and also ensure its compliance. At the same time, we guarantee the quality of the product in each one of the phases of our production processes.

Efficiency and Competitivity

In order to develop the appropriate conditions to sustain our position within the first quartile on coal export mines -with the lowest unitary costs-, we focus on: our continuous improvement, the optimization in our use of resources, and innovation throughout all our processes through both our marketing and our administrative operative areas, as well as in their interactions. All of these without losing our objectives of expanding out of sight and always ensuring the stability of the mining operations in the long term while the business opportunities that generate additional coal production and sale are identified and developed.

The action plans of the Operative Departments and the Company's Support will be aligned with the proposed objectives, as well as our dynamic feedback system. In the same way, the resources and the budget necessities have to be coherent and aimed towards these corporative objectives, to ensure their compliance through time.

This process will be monitored every three months through a checking of the concentrated indicator systems (KPI's Corporative and Departmental). Each department is responsible of controlling their tasks in all of its areas so that the fulfilment of all the proposed objectives required by the company is guaranteed.

This strategic planning framework provides an efficient integration of all actions under the same platform, and it establishes common compliance goals. At the same time, it transforms into a key tool that organizes our progress in a better way for our participation In future scenarios where the production of coal grows.

PROJECT AND TASK'S PROGRAMME

Six Sigma

To ensure the sustainability of the achievements obtained through the "CRECER" improvement project, and in order to improve the operative and administrative processes within the organization, Cerrejón has adopted the Six Sigma methodology. Six Sigma is a structured improvement methodology, characterized by the systematic use of statistic tools and methods for data analysis. It is used to identify the deficiencies in the processes and to propose solutions to achieve the desired improvements.

The Six Sigma programme started in 2005 with the training of the Presidency, the Management, the first 16 "Black Belts" and 21 "Green Belts". The actual "Belts" are those selected employees form the following departments: Production, Maintenance, Coal Handling, Operative Services, Technical Service, Environmental Engineering and Safety, Materials and Corporative Planning.

The Six Sigma project is developed by each of these "Belts". This project is totally aligned with the corporative objectives of the Cerrejón and is focused on the improvement of the operation chain process, or on the corresponding support processes throughout the previously mentioned departments.

For 2006 the collection of the economical benefits coming from the projects started in 2005 is proposed. For 2006, the programme will be reinforced with the training of at least 20 "Green Belts" and 100 "Yellow Belts", in order to increase our ability to develop and implement improvement projects, strengthen the Improvement team under their leadership, and to accelerate the collection of the programme's economical benefits.

Integral plan of Securing, PIA

STAKEHOLDERS	AREA	VALIDATION
Public Affairs	Public Affairs	WORLD COMPACT
Safety and Environment	Safety and Environment	VOLUNTARY PRINCIPLES
Human Resources	Human Resources	ISO 14001
Comptroller	Comptroller	SEAT - NGO'S
Materials	Materials	SA 80000
Services to the Operation		SHAS 18001
Systems		

Complete Insurance Plan PIA

Within the conceptual framework of sustainable development, Cerrejón has developed a Complete Insurance Plan (PIA), which is a fundamental tool in recognizing its social responsibility in front of its employees, its community and its environment, based on Human Rights and Transparency.

Objective

Ensure that Carbones Del Cerrejón is locally, regionally, nationally and internationally recognized as a company that complies with Social Business Responsibility through its actions.

Programmes

- 1) Implementation and certification of the Social Task Responsibility System under the international SA8000 rule.
- 2) Application of sustainable development incentives within the Environmental and Community productive programmes.
- 3) Study and project execution that contribute to the reduction of the green house effect gases (GEI) and compliance with the mechanisms of Clean Development -MDL- stated under the Kyoto's Protocol.
- 4) Implementation of the Voluntary Principles in relation to Human Rights.
- 5) Commitment to comply with the World Treaty of the United Nations related to Human Rights, Work Conditions, Environment and Transparency.

Process and execution

3.20

Certification under the SA 8000 rule is a global and verifiable rule that certifies that the working environment standards are met. It is applied to both large and small companies to show the commitment towards employees working conditions, to clients and to other interested groups. This is an extensive prerequisite for contractors and providers.

The objective of this certification is to establish systems to ensure the compliance of a series of Social Responsibility prerequisites that include basic working aspects (honoraries, children based work, wages, etc.) such as task aspects (politics, programmes, corrective actions, etc.) that promote dialogue, cooperation and continuous improvement.



Why does Cerrejón want to obtain this certification?

The SA8000 certification basically establishes the minimum conditions to reach a safe and healthy working environment; as well as the freedom of association and collective denial, and a business strategy to deal with the social aspects related to work.

Additionally, it contains the rules regarding the working hours, wages, fight against discrimination and against forced child work.

Cerrejón, as part of the Complete Insurance Plan -PIA-, looks for the international recognition of its company's improvement practices, including its working conditions and its employees Human Rights.

Sustainable Development

In its most accepted definition: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (WCED- Brundtland Commission). Cerrejón, complying with such definition, combines the economic, social, and environmental elements, generating aggregate value to our product, and at the same time contributes to the preservation of the environment and aims for a better quality of life for the neighbouring communities.

The objective is to reach a social progress that recognizes the needs of all individuals, the effective protection of the environment, the sensible use of natural resources and the upholding of high levels of employment and economic growth.

Potential Projects that have been under study

In the assessing of these programmes, we counted with the participation of entities like Fundación Zeri, Fundación Gaviotas y Pronatura. These projects were evaluated in 2005 with the idea of analysing the feasibility of implementing them in the future.

- Crop of Algae: Research project in which algae is harvested so it can be used to find feeding solutions and improve kids' nutrition.
- Restoration of Puerto Bolívar marshes: Contributes to expand the natural ecosystem of the marshes to take advantage of their qualities like organic, animal and vegetable material.

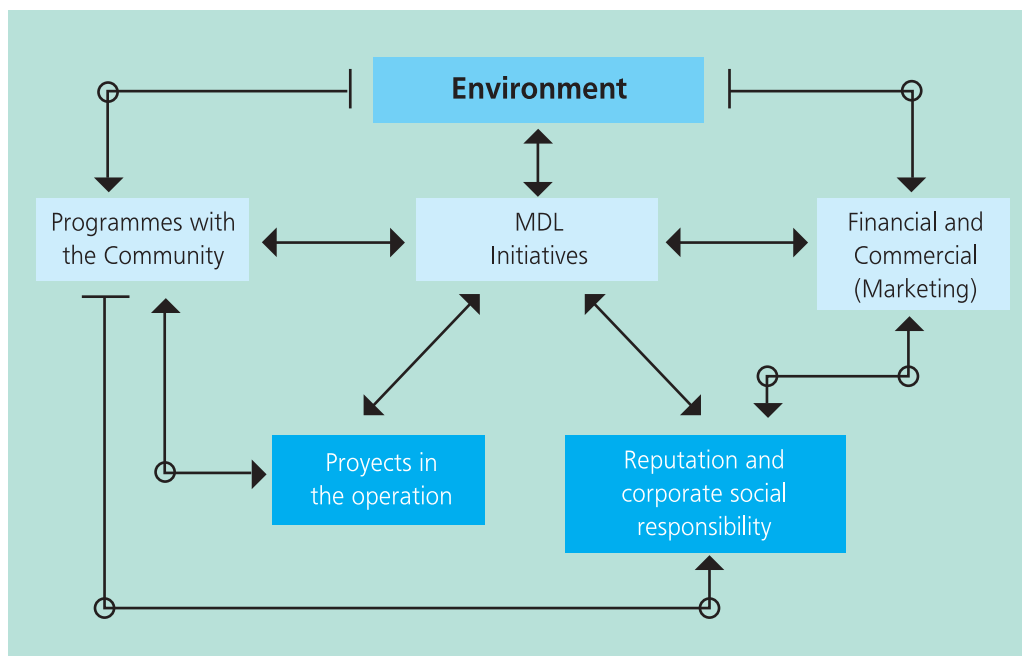
- Integrated management of solid waste: System for the processing of organic waste and transformation into soil fertilizer. The possibility of transforming the rubbish problems into economic, social and environmental opportunities.
- Production of water through condensation: Transporting cold water from deep levels of the sea and taking advantage of the difference of temperature, it is possible to generate condensation through the permanent spray of water.
- Generation of wind energy: Transform the wind into energy that is usable for the benefit of the local communities.
- Guide for the public management in Albania – Fundesarrollo: Proposal to prepare an efficient municipal public management guide for Albania, Guajira.
- Businessmen for the Education in La Guajira: With the contributions of Cerrejón to the fund of Businessmen for the Education of the ANDI, develop the mechanisms of this resource in benefit of improving the education in La Guajira.
- Alignment of projects with sustainable development: Align the current projects, directing them towards economic, social, and environmental sustainability, using the internal and external available resources.

With the creation of new projects and the improvement of the current ones, Cerrejón commits to the efficient use of resources, making them more productive and environmentally profitable. In this way, it is added to the international agenda using initiatives of sustainable development that generates progress for the community and the region.

Mechanisms of Clean Development-MDL

Cerrejón has incorporated in the Integral Safety Plan, the reduction of greenhouse emissions GEI, with the intention of assessing the feasibility and implementation of sustainable energy and environment projects that comply with the requirements of the Mechanisms of Clean Development, MDL, from the Kyoto agreement, allowing us to obtain certifications on gas reduction, which represents a competitive advantage with economic, objective and very positive social and environmental effects.

Gráfica de los Mecanismos de Desarrollo Limpio-MDL



Phases of Implementation

Since the beginning of 2005, different entities were contacted in order to develop programmes of Sustainability Development, with the main goal of receiving project proposals that can be eligible as MDL projects. The phases to determine which projects are feasible are:

1. Identify all the existing possibilities within the company to apply the concept and MDL programmes.
2. Study the alternatives and the pre feasibility MDL in those activities that are considered priority in the different social and environment aspects that where previously mentioned.
3. Execution of the MDL projects on which there is a positive Internal Rate of Return and/or the projects which social benefit is acceptable in a Cost-Benefit relation for Cerrejón and has as a base the neighbouring communities.



Mechanisms of Clean Development Graph - MDL

The MDL is introduced as a new source of revenue and an opportunity to increase the rate of return of the eligible projects in developing countries so they can surpass some of the investment barriers that are so frequent in Latin America.

Voluntary Principles

For Cerrejón, the Programme on Human Rights (DD.HH.) is very important, given that through this programme, the surrounding communities perceive a concern of the company so that the public force respects their rights and that their behaviours or conducts, do not go against the principles of the Universal Declaration of the Human Rights and of the Voluntary Principles, within an armed conflict or even in peace times. For the understanding of the issues related to Human Rights, the Company undertook a training programme focused on raising awareness, education and promotion of the Human Rights to the police, private security companies, native communities, community leaders and workforce of the Company, with the firm purpose of avoiding behaviours that can be considered as violations of the Human Rights and that, at the same time, by external situations to the Company, the name or image of the organization could be compromised.

In its first phase, the initiative was conducted through the Centre of Studies, Training and Analysis of DD.HH. of Costa Rica (CECADH), carrying out the task under the direction of Cerrejón. The exercise consisted on training activities in Human Rights DD.HH. and International Humanitarian law -DIH- to the different military units that are settled in the zones of influence of the complex.

The second phase of this initiative consisted on framing the efforts to sensitize the internal and external stakeholders in the recognition of the Programme. This task was carried out throughout seminars elaborated by the interested groups, keeping in mind cultural factors, which helped various groups to feel identified and closer to the topics. To achieve this objective,

■ HR8
■ HR2

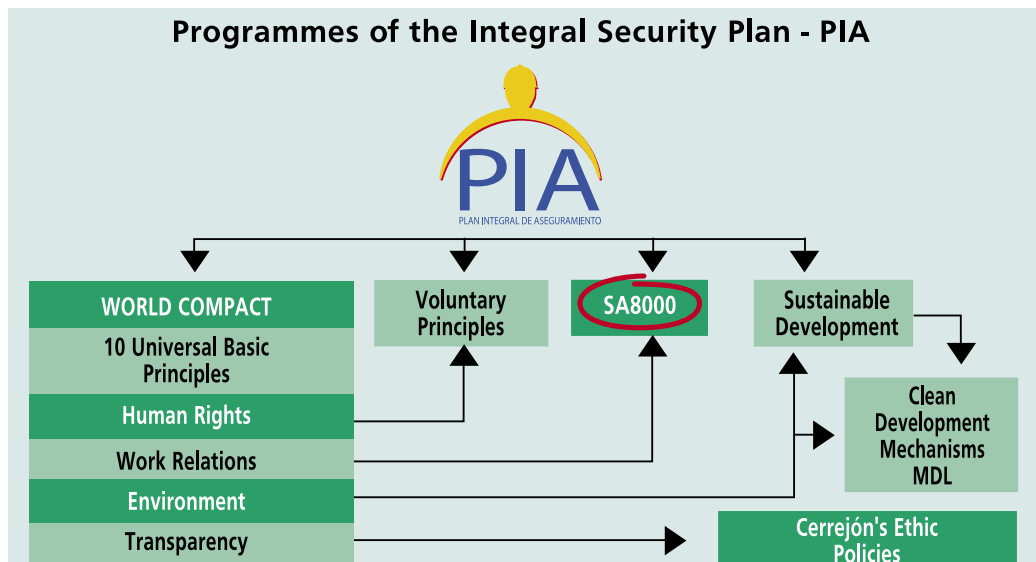
■ HR11
■ HR3

groups to feel identify and closer to the topics. To achieve this objective, the programme had the contribution of the Colombian Red Cross and the International Committee of the Red Cross.

GROUP	PLACE	PARTICIPANTS	2005 TRAINING GOALS 2006
National Army	Guajira/Cesar	482	800
National Navy	Pto. Bolívar	22	-
National Police	Guajira	107	110
Other Organisations of National Security	-	40	45
Communities / Indigenous Leaders	-	150	150
Private Security	-	90	700
Cerrejón's Security Division	The Mine	50	50
Cerrejón's Community Division	The Mine	35	25
Cerrejón's Legal Department	The Mine	-	12
Civil / Governmental Authorities	-	-	100
	TOTAL	976	1992

Cerrejón and the National Government, through the Defence Ministry, signed a cooperation agreement that included clauses of not supporting weapons or logistics of war, as neither in sponsoring or allowing the violation of the Human Rights or the Voluntary Principles, this going in line with Company's Policies.

Global Compact



The Global Compact of the United Nations is an initiative of ethical voluntary commitment directed to the companies of all the countries that adopt as an integral part of their strategy and their operations, the ten Principles of Conduct and Action in matter of Human Rights, Work, Environment and Fight against the Corruption.

Cerrejón is one of the 2.000 international businesses subscribe in the Global Compact and part of the 200 Colombian businesses that have compromised with this initiative.

The objective of the Global Compact is to promote the creation of a global corporate citizenship that allows the conciliation of the interests and processes of the business activity, with the values and demands of the society, as well as with the projects of the UN, international conglomerates, unions and NGO.

Advance on the implementation of the principles of the Global Compact (Communication on Progress)

Application of the 10 principles of the Global Compact in Cerrejón

Cerrejón has initiated the process of implementation of the ten principles of the Global Compact in its organization that corresponds to the identification, analysis and evaluation of the policies and systems of management associated to its specific application, in a great business of the mining and energy sectors.

Principle 1: Supporting and respecting the protection of the internationally declared fundamental Human Rights.

HR1

According to the policies exposed in the chapter of "Corporate Policies", in Cerrejón we are compromised with the respect of the Human Rights of employees, contractors, clients and the public in general.

With respect to the corporate behaviour, this principle is reflected on the following guidelines of its policies of Health, Security, Environment and Communities, as well as in the value of Civic Rectitude, one of the fundamental values of Cerrejón: "Respect the fundamental human rights, especially of the native communities, preserving and fortifying its culture, identity, traditions and customs."

"Civic rectitude: We should be exemplary members of the community where we operate, compromised with its culture and with the principle of sustainable development."

Prevent the displacement of individuals, groups or communities

Cerrejón, in its plans of mining industry for the production of coal, has needed to extend the area of its operations toward lands where there have been identify coal reserves; often in these lands there have been owners and/or possessors, it has been necessary to develop a process of acquisition of its lands and/or of its improvements to facilitate the resettle of its inhabitants. Cerrejón has revised their processes in the management of these cases, so that family integrity and cultural values of the communities involved are preserved. In



the resettlement places, the agreements will continue being achieved according to the framework established by the Constitution and the laws of Colombia, and will be complied with the Guides for resettlement of the World Bank. For this, the Division of Communities and Lands has been developing a programme of resettlement that complies with the national and international standards, in the protection of the human rights and fundamental of the people affected.

Training

Cerrejón qualified 14 people of the administrative level and 47 people from the operating and supervision level in a seminar hosted by the delegate of the International Committee of the Red Cross from the Valledupar office, where themes of Human Rights and International Humanitarian law were treated.

RELEVANT INDICATORS GRI: HR1, HR2, HR3, HR4

Principle 2: Avoiding the involvement in relation to the Human Rights

HR10

“We expect the fulfilment of our Human Rights (Voluntary Principles and Global Compact of the United Nations) standards in all the Organization. In CERREJÓN is not tolerable, neither permissible, that an employee or a contractor violate the laws or develop management practices that can result in a possible violations to the Human Rights. (See Policies section Pag. 31)



It is the responsibility of all and each one of the employees, contractors, third party involved in its operations and of the clients, to take the appropriate measures to avoid the behaviours or conducts that goes against the principles of the Universal Declaration of the Human Rights, in the Voluntary Principles and in the World Compact of the UN. It is not allowed to take retaliations against some employee or person that report about these situations.”

To reinforce this aspect, in Cerrejón there are sessions of induction to the new employees and of refreshment to the personnel on the Company Policies, in which the theme of Human Rights is included. Furthermore, these policies are also available in the internal computer network of the company (Intranet).

It is absolutely clear that in the previous texts of the Human Rights Policies it is reflected how Cerrejón complies with the Principle 2 of the Global Compact. As an example of the fulfilment of this principle, the concept of the agreement Cerrejón – Defence Ministry, which links Cerrejón with the public security forces and stipulates in the fourth article, the usage of resources, “the MINISTRY and the COMPANY agrees that the support and the goods that are donated will be used with strict subjection to the legal and constitutional order of the Colombian State, the Voluntary Principles, and any other international treaty of human rights and International Humanitarian laws ratified by Colombia.

In the same way, the parts of the present pact agree that in no case the support given by the company will use for the purchase of materials or equipment of deadly nature. The Ministry compromises to use the equipments and materials acquired with the supports provided by the company only for the predicted protection in the first clause of this agreement and to only use the force when in the opinion of the commander of the respective military unit considered that the circumstances require it and always for the purpose of defending the civil population and the environment”.

Dialogue with human rights organisations

Cerrejón maintains open communications with different national and international organisations of human rights, among which outstand: GES, Green Network, Pressure Point, Fundación Ideas Para La Paz, and Delegates of Human Rights for the Presidency of the Republic.

RELEVANT INDICATORS GRI: HR2, HR3

HR5

Principle 3: Supporting the freedom of affiliation and the effective recognition of the right to work negotiation

LA13

“Cerrejón will not exercise any class of pursuit, pressure or discrimination by religious, racial,



regional, political, union Involvement, nationality, profession, work role or place of work, as well as any another act that impedes the right of unionization or the union exercise. (See Policy section Pag 31.)

Every person that exercise pursuits or discriminations of this kind will incur in the sanctions envisage by the law”.

In Cerrejón the right of freedom of affiliation is reflected in SINTRACARBÓN, Union of Workers of the Industry of the Coal, who have their rights clearly stipulated inside the Collective Bargaining Agreement 2005-2006 in the chapter II.

In the same way, Cerrejón assures to all its workers the freedom of affiliation to the union allowing them to participate in the union without fear of intimidation or retaliation on behalf of the company.

Sintracarbón

In Cerrejón there is near 3.000 workers affiliated and 600 people adhere to the union, between temporary and daily employees, that conform the 80% of the total labour force.

■ LA3
■ HR5

Union negotiations

The negotiations that are carried out with the union, prior to the firm of the collective agreement are the forum intended to treat working conditions and terms of the employment that finally remain written in the collective agreement of work document (CCT).

■ LA15
■ LA13



Cerrejón has signed with the union 11 agreements, of which 10 were given by means of a successful negotiation processes, by common consent among the parts (In 1990 the CCT was signed after a strike).

The union is an independent organization and, in this context, its members decide in an autonomous way to which organizations of higher levels they affiliate to. In Colombia the union is affiliated to the CUT (Central Unit of Workers of Colombia) and in the international level they are affiliated to the ICEM (International Confederacy of Unions of Workers of the Chemistry, Energy, Mines and Diverse Industries).

RELEVANT INDICATORS GRI: HR5, LA3, LA4

HR7

Principle 4: Eliminate every form of obligatory and compulsory work

“Cerrejón seeks to promote a productive work environment, based on the respect to the people, the diversity and the receptiveness toward the ideas of each employee. To achieve it the company accepts the feedback, the different opinions, expression of dissatisfaction or disagreements, throughout opportune, honest, adequate, relevant and clear open communications, that give as a result a relation of mutual profit between the parties”. (See the Policies section P. 31).

As part of the Policies of Productive Work Environment, the Company specifically prohibits any form of harassment or annoyance by reasons of racial, ethnic, sexual type, or of any kind, by and toward the employees, contractors, suppliers and clients.

The accusations and worries by the violation of these policies on the behalf of an employee should be put in the knowledge of their superiors, the Human Resources Manager or the division of Work Relations of the same department. Nobody must assume that the Company knows about a problem. All the cases will be quick and exhaustively investigated. The Company will treat all the accusations as confidentially as can possible be, divulging information only to those with need or the right to know it.

RELEVANT INDICATORS GRI: HR 7

Principle 5: Eradicating children labour

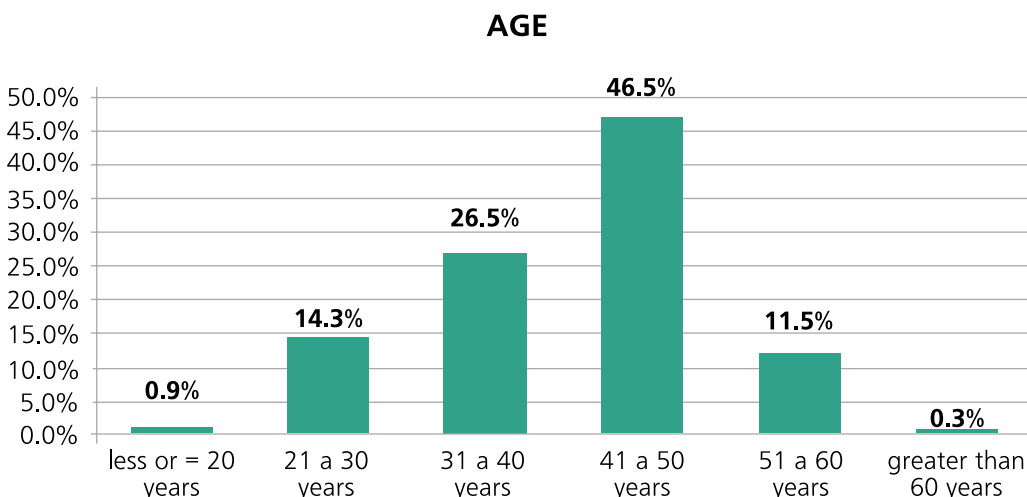
HR6

“It is policy of the company to employ the personnel with the appropriate age to fill each position, respecting in all the cases the limits established by the Colombian Labour Law”. (See Policy section Pág. 31)

Carrejón, in its integrated operation of the Mine, Railroad and Port, is compromised with the eradication of children labour, respecting and promoting the rights of the children and the conventions of the International Labour Organization.

Employees in payroll

In Carrejón the youngest worker is found above the 20 years.





The children labour in our community: Ayatajirawa

Through their Foundation, Cerrejón develops the programme Ayatajirawa, directed to the native communities that live and work in the garbage disposal of Riohacha. With this programme it has been achieved that the 90% of children and women that depended directly on the labour activity of separating the solid residues in the garbage disposal of Riohacha, no longer have to perform this work and they can reach a worthier life. In the specific case of the children, they can use their time on recreational and educational activities. The previous thing is a contribution to the eradication of the children labour in the community and in those external areas where Cerrejón exercises some kind of influence.

References

As a backup to this principle, there is a resolution of the union that says: “The National Assembly of Delegates of SINTRACARBÓN clarifies for whom is interesting nationally and internationally that in the mines of the Cerrejón the coal is extracted with respect to the human rights, that there is not children linked to the exploitation of the coal, that the conventional and legal differences are treated in the first instance with Sintracarbón.”

RELEVANT INDICATORS GRI: HR 6

Principle 6: Eliminate the discrimination in the employment and the occupation

LA10

“It is policy of Cerrejón to provide equal employment opportunities, according to all the applicable laws, to all the individuals that are qualified to perform the job. The Company manage its personnel policies, programmes and practices in a not discriminatory way in all the aspects of the labour relations, including recruitment, contracting, assignment of work, promotions, transfers, terminations, management of salaries and selection for training”. (See Policies section Pág. 31)

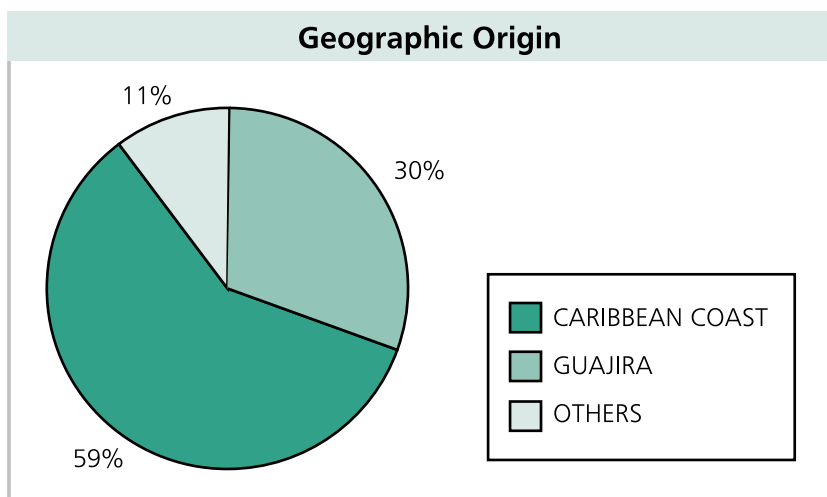
The managers and supervisors are responsible for the implementation and management of these policies, as well as maintaining a discrimination free working environment and to identify and promptly resolve any problem related to the equality of opportunities for employment.

The people that consider that have observed or have been object of discrimination, should report immediately the incident to their supervisor, to Management or to Human Resources. The complaints will be investigated and resolved. The Company will treat such accusations in confidential form.

The people will not be subject of harassment, discrimination, intimidation or attacks by the exercise of their rights protected by this policy.

Employees by geographical origin:

The distribution of the employed labour by the Business shows that Cerrejón maximizes the use of the native human resource and available in the region with the following percentage distribution of employment.



RELEVANT INDICATORS GRI: HR4, LA10, LA11

Principle 7: Apply the approaches directed towards the prevention in the protection of the environment

“Cerrejón conducts its businesses in harmony with the environment and the society, protects the security and health of their workers and assures that its presence improves the quality of life of the communities of its areas of influence”. (See Policies section Pág. 31)

Since its starts, the business has developed meticulous studies considering all the environmental risks in all the zones of its operation. The system of environmental management is framed since the Company’s vision statement, standing out the fulfilment of the highest standards

of security, health and environment and the development of its operations in harmony with the society. (See System of Operational Integrity, Pág. 105).

Plan of contingency

The main objective of the Plan of Contingency is to minimize any adverse impact on the environment or on the human health and security that is a direct consequence of an emergency, an accident or an unexpected event.

Reports of Environmental Management

Cerrejón carries out monthly reports of operations and activities that are published in the Intranet available for all the workers. The content of the report contemplates a summary of the mining operations, including the resources utilized and the residues generated, and informs on the integral operational management system covering themes such as training, sensitizing and environmental education.

According to the reports presented, the programmes of environmental control in Cerrejón comply exhaustibly their purpose: the potentially adverse impacts have been minimized; the open sky operation of the mining industry, the management and transportation of the coal, as well as their shipment, they are carry out in a responsible way in harmony with the nature and according to the current legislation.

Communication with the Stake holders

Cerrejón maintains a permanent communication with its stake holders, reporting to them periodically on the programmes and activities related to the development of the company in the environment issues.

RELEVANT INDICATORS GRI

Principle: 8 Promote a greater environmental responsibility

“Cerrejón develops a massive environmental plan of education with the objective of reinforcing the conscience on the commitment and the responsibility that everybody have in the conservation of the environment” (See Policies section Pág. 31)

Strategies for the promotion of the environmental responsibility

- Seminars on sensitizing and environmental management issues to new and old employees, contractors and visitors of universities.
- Training in the integral management of solid residues.



SO4

- Development of social gatherings about various environmental themes such as: Management in soil conservation, forests and lands rehabilitation, management of special and regular residues, management and protection of fauna, quality of air, quality of the water and protection of the water resources, management and disposal of chemical products and used oils.
- Publication of handbooks as support to the programmes of sensitizing and environmental management.
- Broadcast of press bulletins about the 2,000 hectares rehabilitated and more than 1 million trees planted.

Acknowledgements

Cerrejón, through their management, has received a national and international series of acknowledgments that certify it as a responsible business in the environmental theme.

Among the acknowledgments received are:

3.20

- Ecological Prize, Medio Ambiente (Environment) Magazine, Santa Marta, 1995.
- Prizes of Ecological Photography in the Cerrejón Northern Zone, 1998.
- Exxon Mobil Corporate Acknowledgement to the Lands Rehabilitation Group, 2000.
- Meritorious Acknowledgement for the Lands Rehabilitation Program on a worldwide basis by BHP Billiton, 2004.

Additionally, the company got certified by Bureau Veritas Quality International to comply to ISO 14001 and OSHAS 18001 norms in the month of November of 2003. This accredits Cerrejón as an organization that controls its aspects and environmental impacts adequately, based on practices and procedures established in its System of Operational Integrity. The Lands Rehabilitation programme was recognized by the achievements obtained by Cerrejón in preservation of terrains (more than 23 million m³ of ground and rehabilitation of more than 2,000 hectares intervened by the operations of mining industry), being constituted as a pioneering project in conceptual design, development of methodology, application of principles and criteria of sustainable development, and as a model to diffuse in the sector of the mining industry in an international basis.



Efficient utilization of Resources

In order to diminishing the use of resources, Cerrejón has initiated the development of projects directed to this purpose:

- Energy Savings
- Management of solid residues
- Water management.

RELEVANT INDICATORS ON GRI:

EN.1, EN.2, EN.3, EN.4, EN.5, EN.6, EN.7, EN.8, EN.9, EN.10, EN.11, EN.12, EN.13, EN.14, EN.15, EN.16

Principle 9: Facilitating the development and the disclosure of respectful technologies with the environment

“To establish adequate communication channels to divulge the Security, Health, Environment and Communities programmes and to know the doubts of the parts interested”. (Please refer to the Policies Section Pág. 31)

Cerrejón is committed with the international agenda regarding to the respect of the environment, facilitating the development and the diffusion of respectful technologies in order to achieve initiatives of sustainable development that contribute to the progress of the region.



The project of participatory research in productive systems of agroforestry type and silvopastoral has been developed. This permits to transfer the know-how and experiences via training and direct practice in the country to the communities of the environment.

Innovation

Research is a constant element of all the business activity. Cerrejon is always looking for new and better ideas to make procedures more productive. In the environmental theme, it is sought that, through the innovation, systems are created to improve the efficiency in the use of resources, complying with the economic goals of the organisation.

Comunicación

Through the different institutional mediums of communication, internal and external, Cerrejón divulges to its workers and all the general public, the environmental programmes, its results and benefits in the protection of the natural resources.

Relevant Indicators GRI: EN 17

Principle 10: Fights against the corruption

“To us it is imports how the results are obtained. We expect the fulfilment of our standards of

SO2



integrity in all the Organization. We do not tolerate an employee that obtain results violating the laws or through the use of unscrupulous management and we will not allow any retaliations against employees that report us on these situations. In the same manner, we will support and expect that you also support, any employee that rejects or leaves an opportunity to pass by that can only be achieved by the sacrifice of these principles”.

“Even in the case in which the law is permissive, Cerrejón, in all its activities, chooses the route of the maximum integrity. The honesty is not hold to criticisms in any culture. Any shadow of dishonesty simply invites to the demoralization and censorship judgments. An irreproachable reputation, supported by upright procedures, constitutes by itself is an invaluable assets for the Company”. (See Policies section Pág. 31)

3.19

Transparent communications

Cerrejón, in their fight against the corruption, search to maintain a transparent communication with their employees, shareholders, government and communities, strengthening the culture of the organisation, establishing channels of interaction to facilitate the achievement of the corporate objectives, so that such communications are clear, relevant, adequate and opportune.

Hot-Line against fraud

Inside the system of communications, it is important to emphasize that the Company has a 24 hours a day fraud accusation hot-line so that employees can report any irregularity.

Monitoring the royalties

Cerrejón has been responsible for fortifying the public management to achieve a better management of the investments made with the public resources. For this the company developed the programme “Sembramos las Regalías”, in order to avoid the corruption in the destination of the resources originating from the royalties of Cerrejón`s coal, it has conform a citizens watch by means of an agreement between Cerrejón –General finance Office of the Nation and the Departmental finance Office.

Assuming this position of leadership in the environment of the corporate social responsibility, Cerrejón shows again, their constant commitment with the respect of the human rights, the good management of the natural resources and the permanent work towards the development of the communities in its zone of influence; This commitment will allow the company to be recognized nationally and internationally as a world class business, in line with the guidelines of the globalize market.

Relevant Indicators Gri: So 2





SOCIO-ECONOMIC DIMENSION





SOCIO-ECONOMIC DIMENSION

EC13

The word *Coal* has been mentioned frequently in the international *raw materials* markets for its importance to the country's economic activity.

SO1

In the context of the world primary energy resources, coal is one with the highest and fastest growth in the last years. Its consumption grew 6.31% in 2004, and 4.67% in 2005, while the total energy consumption grew 2.7% in 2005. The growth is due greatly to the use of coal in Asia, where it has increased at a sustained annual rate of 3.7% in the last decade.

In the local dimension, coal activity is expected to have great impact on the productive system of the country and La Guajira given the infrastructure previously described.

MM1

In fact, in 1997 a study to evaluate the impact of Cerrejón [1], project was made to analyze the period 1984-1995 paying careful attention to the economical effect in the country and La Guajira, the social effects, the development of infrastructure and the institutional development of municipalities in La Guajira under the influence zone.

One of the conclusions of the study is that "for La Guajira, the Complex has represented a permanent increase of about 30% of its GDP, which has been reflected in a clear improvement of income, quality of life, education and health, transportation infrastructure, public services dowry, communal development and institutional strength." [2]

Following a similar methodology to the one used by Econometrics 1997, and looking to update the information up to 2005 in terms of the added value generated by the complex, an analysis was made about the wages paid that have incidence on the local consumption, the profits, taxes, and contributions, and the average consumption expressed in the purchase of national supplies and the contract for services Cerrejón has made during the operation. This analysis is complemented with the impact of Cerrejón on the country's and the department's BIP.

The generation of the added value: as we mentioned above, the added primary value of a productive activity can be analyzed measuring its components of wages, profits, taxes

MM2

1. *Econometría Consultores. 1997*
2. *Ibid*

and contributions, and the average national consumption (purchase of goods and services contracted) as indirect average consumption.

Components of the primary added value

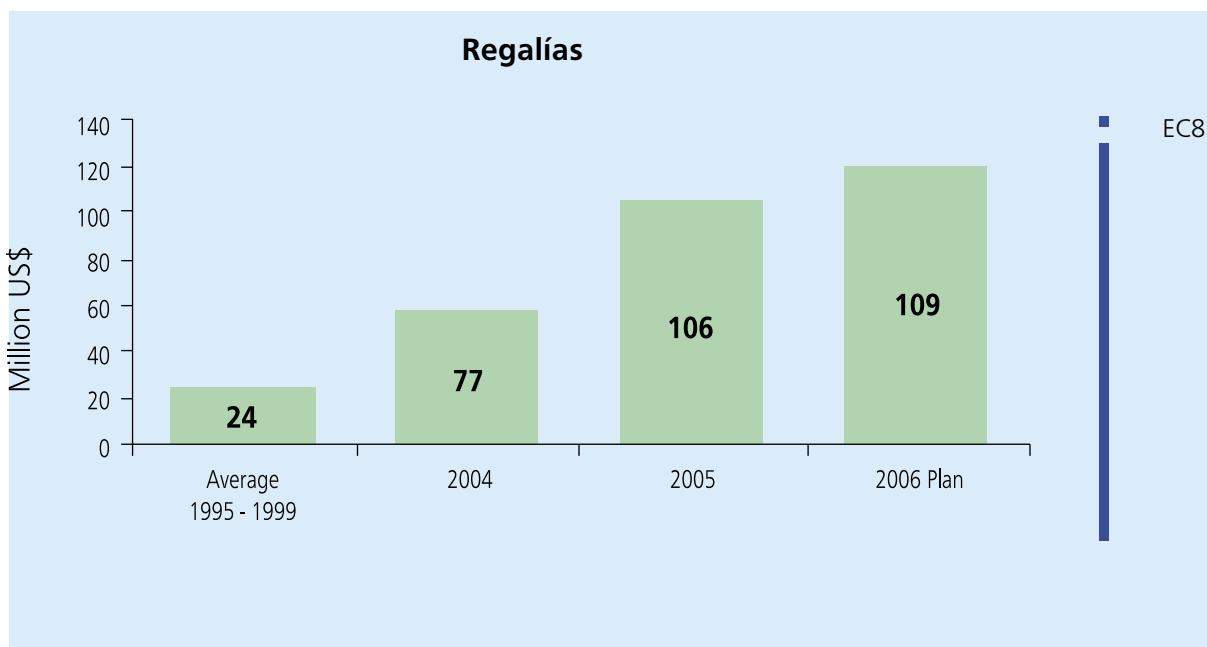
Profits

The profits from the mining activity are essential resources for the development of the regions.

The profits generated by Cerrejón have multiplied almost five times. From an average of US\$24 million during the 1995-1999 period to US\$106 million in 2005. These resources have changed positively the curse of Guajiran history.

These profits have been distributed directly to the department of La Guajira, the producer towns (Barrancas, Hatonuevo, Maicao and Albania), the port town of Uribia, and governmental entities at regional and national level, namely the National Profit Fund, the Coal Development Fund, and La Guajira's Corpes.

Among the departmental budget, the payment of profits is part of the income and is a great part of the fiscal structure.



Taxes

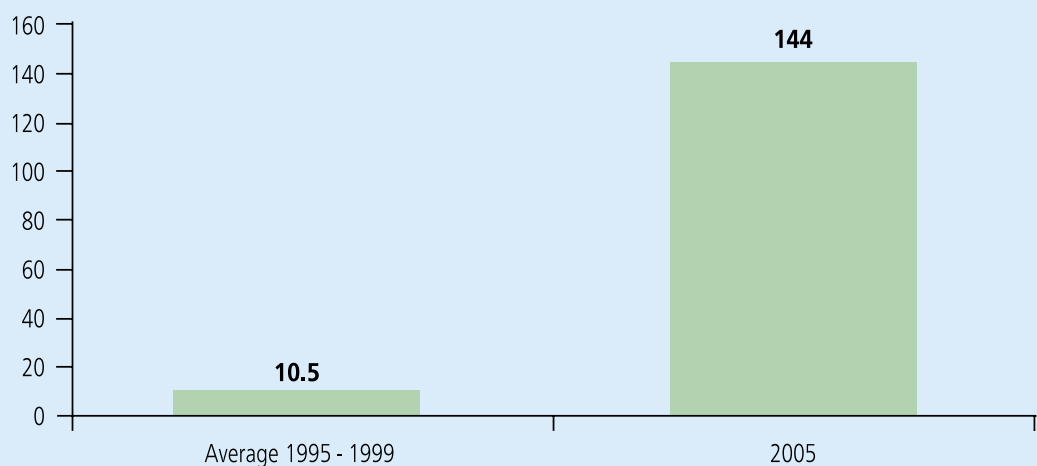
By the payment of taxes and other charges, the mining activity in the zone has generated important resources for the territorial and national government. Industry and commerce taxes, property, complementary, transit and stamp taxes are the most important payments³.

Another important payment is the income tax that works as a percentage of the Company's profit. The following figure shows the behaviour of this tax in the previous years, and how Cerrejón has become a high tax payer in the nation.

According to data from the Superintendence of Societies, companies from the coal mining sector are the first in the group of companies that paid more taxes in the last years. Cerrejón appears in the second place, above important oil and mining companies, reaching the 14% of the total paid by the 20 companies that pay more taxes in Colombia.

3. The taxes previously described, added from 1990 to 2002 reach US\$6.9 millions. 89% of it was paid to La Guajira and 11% to the Barranquilla District.

Revenue Taxes





Wages

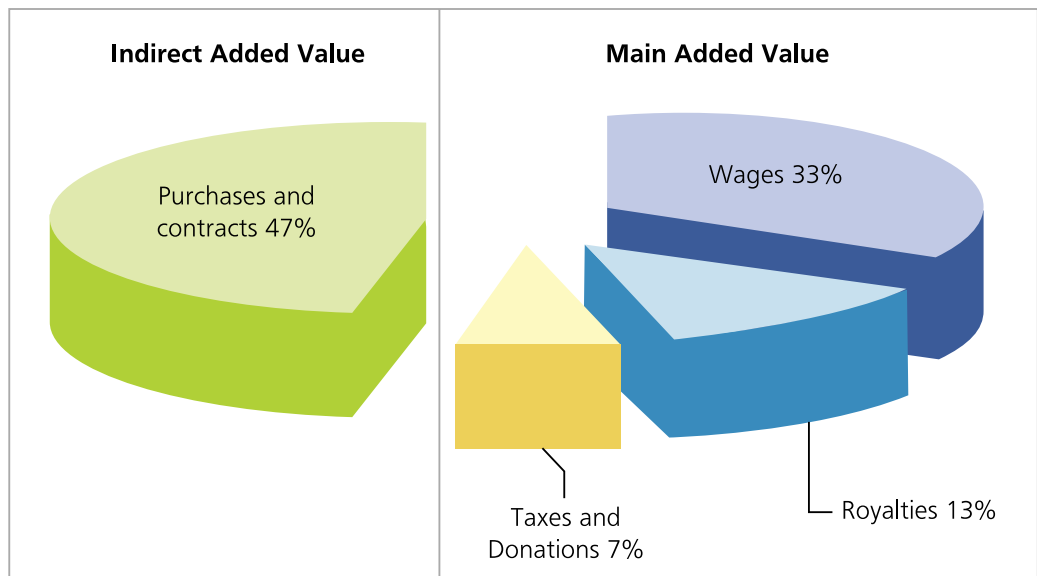
Between 1984 and 2005, the quantity of US\$1.550 million has been paid in wages. Not considering the wages paid to contractors, this has resulted in one of the highest per capita income of the department, in the region and the country.

Average consumption (purchase of goods and contracts)

The purchase of goods and services contracted in the same period reached US\$2.137 million, that have undoubtedly added up to the indirect added value for the department and allowed the creation of a new internal national need, that wouldn't exist without Cerrejón.

Finally, 47% of this outcome correspond to the purchase of goods and contracts that provided goods and services to the project, 33% corresponds to payroll. These payments have rewarded directly the human talent in La Guajira. The rest corresponds to the payments to the society in form of taxes, contributions, and profit payments.

Economic Effect of Cerrejón's Operations 1994 - 2005



Impact on productive activity

Colombia cannot be compared to mining countries such as Peru, Chile, and Brazil in Latin-America. In those countries the mining participation exceeds 10% of the National Product. However, mining activities in Colombia and specifically coal mining has shown an important growth.

In the 1980s coal had a marginal participation among the productive structure of the country. However, the 1990s showed a change in this aspect, and the BIP from the coal gained part until reaching 1.4% of the BIP in 2005, above the metallic minerals, and very close to the gas and oil exploitation.

YEAR 2005

Ramas de actividad	% Participación en el PIB Total
Explotación de Minas y Canteras	4.7
06 Hulla y lignito turba (carbón):	1.4
07 Petróleo crudo, gas natural y minerales de uranio y torio	1.9
08 Minerales metálicos	0.8
09 Otros minerales no metálicos	0.6
Fuente: DANE datos preliminares	

In la Guajira, the coal activity has a relevant importance. Besides the mining sector, the GDP comprises agricultural and cattle activities, services, and industrial activities

GDP of La Guajira year 2003. Last data available Millions of dollars at constant prices of 1994

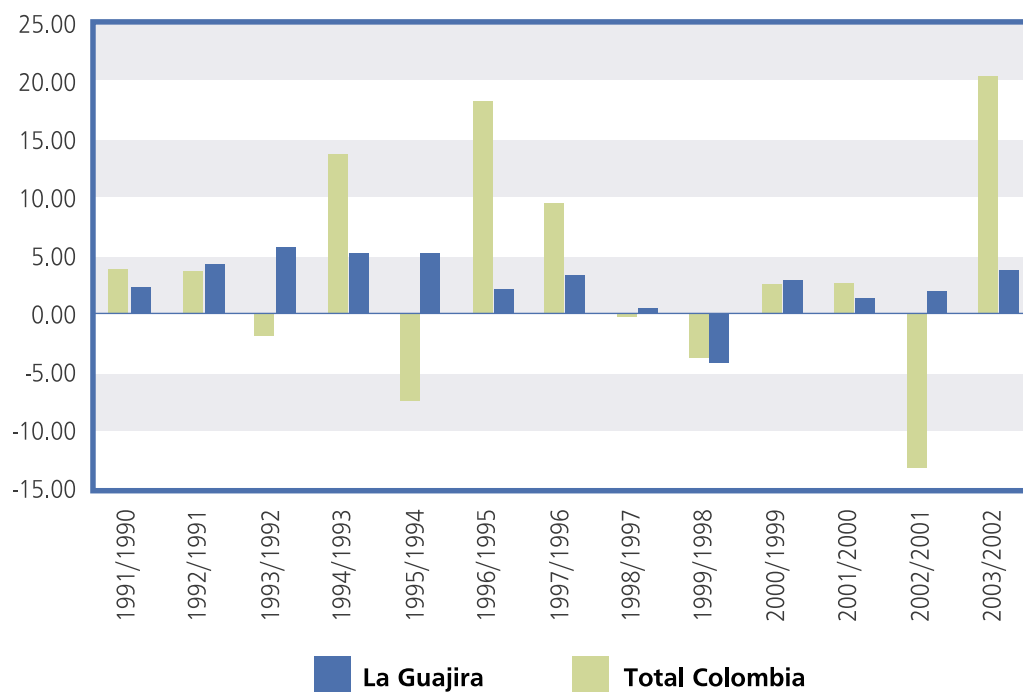
Sector	GDP	% Share
Farming, Sylviculture and Fishing	31	7.2%
Soft coal and lignite disturbs (Coal)	206	48.1%
Crude Oil, Natural gas	7	1.7%
Metallic minerals	-	0.0%
Other non metallic minerals	3	0.9%
Mining	216	50.7%
Electricity, gas, water and sewer system	34	8.10%
Industry	2	0.41%
Building	19	4.59%
Commercr	24	5.71%
Automotive, motorcycle, and items reparation	0.5	0.12%
Hospitality	6	1.38%
Transportation	12	2.76%
Services	81	18.86%
	-	
Less: Services of financial intermediation (indirect)	4	1.03%
Added Value Subtotal	423	98.81%
Taxes less subsidies on production	5	1.19%
Total Department GDP	428	100.00%
Source: DANE Department accounts		



The mining participation in the total economical activity has increased from 37% in 1990 to 48.1% in 2003.

La Guajira's GDP, leaded by the coal exploitation from Cerrejón, is 1.26% of the national total GDP. Between 1995 and 2002, when the production and exportation of coal decreased, the departmental GDP shortened and its participation reached about 1% of the country's total BIP. In the same period, the average departmental GDP growth was 3.8% while the country's average was 2.68%.

Growth of La Guajira's GDP and Total GDP



Growth of the GDP in La Guajira

	Growth of the GDP	Growth contribution (in percent points)				
		Mining	Agricultural	Industry	Building	Services
1991	4.8	-1.8	0.3	0.0	3.2	3.1
1992	3.4	-1.2	-0.6	-0.1	-3.9	9.2
1993	1.7	4.3	0.8	-0.2	2.6	-5.8
1994	11.3	2.1	1.1	0.0	0.5	7.6
1995	-10.8	-7.5	0.7	0.0	-2.7	-1.3
1996	18.1	11.8	-1.2	-0.1	2.4	5.2
1997	9.5	8.0	2.0	-0.1	-0.5	0.1
1998	1.1	1.9	-1.9	0.0	1.4	-0.3
1999	-3.4	-1.9	-1.0	-0.1	-1.7	1.3
2000	2.6	4.1	-0.9	0.0	-3.3	2.6
2001	2.7	3.2	-1.2	-0.1	1.5	-0.8
2002	-12.7	-13.4	1.2	0.0	0.1	-0.6
2003	21.2	20.6	-1.0	0.0	2.5	-0.9
Simple Average	3.8	2.3	-0.1	0.0	0.2	1.5

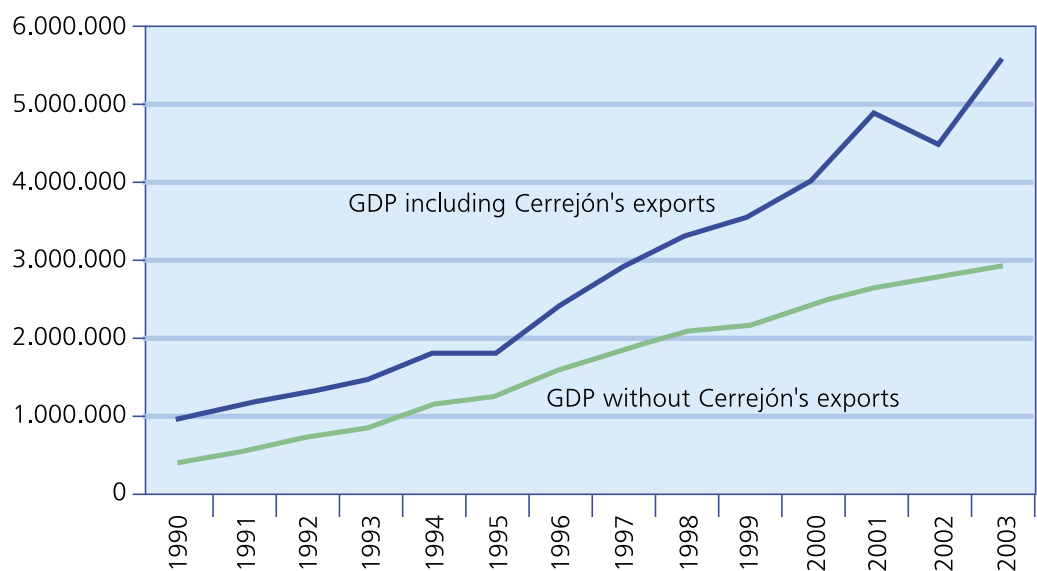
Source: Cerrejón's Calculations based on Dane Departments Accounts

The mining sector contributed with an average of 2.3 points from the 3.8% of the observed departmental growth. The agricultural sector presented a negative contribution, the construction sector contributed 0.2 points and the Services sector added 1.5 points.

Without coal participation, the economy of the department would have not grown the way it grew in the last years. Instead of growing at 3.8% in the 1990–2003 period, it would have grown only 2.1%. This difference of 1.7 points in La Guajira’s growing rate has been fundamental to secure its development, per capita income, and the employment in the region.

This way, maybe the most interesting figure is the department’s GDP per capita with and without mining operations. The following picture shows the result of that comparison.

La Guajira's Gross Domestic Product Per Capita



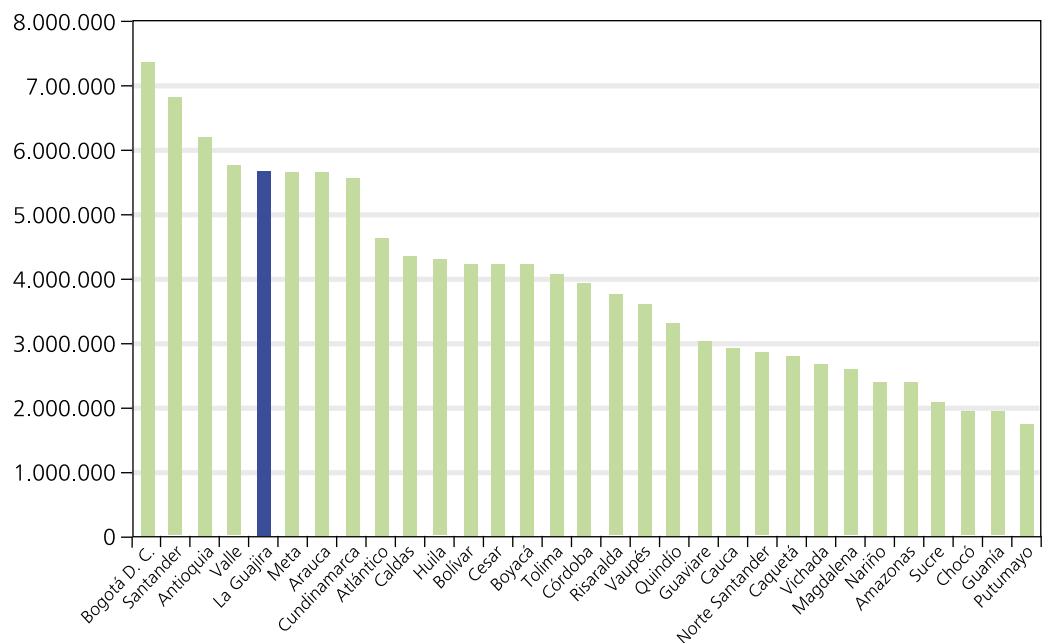
Source: Cerrejón's calculation based on Department accounts DANE

Most notably from the early 1990s the two series present two different paths. Cerrejón has made the 2003 per capita BIP of the Guajiran population reach about \$6 million (pesos), instead of just three. This means that La Guajira had an extra 52% in the 2003 per capita income not possible if there had been not a mining activity in the last decade.

If the Guajiran per capita GDP is compared within the national context, it is clear that it ranks in the top levels, above oil departments like Arauca, and mining departments like Cesar and Córdoba.



Departmental Gross Domestic Product per Capita 2003



Source: DANE National Departmental Accounts

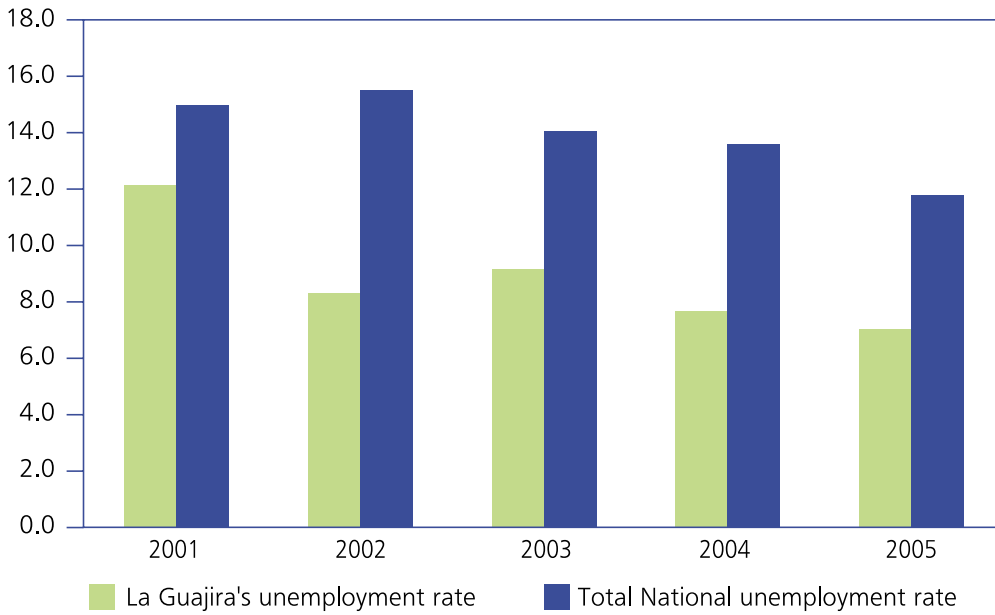
This positive impact on the per capita GDP is a coherent result to the Econometrics analysis for the 1984-1995 term, which confirmed a 30% constant increase of La Guajira per capita GDP with Cerrejón's operation.

In the employment field, the impact of the productive activity is important in the regional work market. To satisfy its operational needs, Cerrejón used an annual average of 7.500 direct employees and contractors in the 1990s decade (95% of them inhabitants from the Caribbean region, with 70% of them from La Guajira department).

Given the multiplying effects on the work generation that the consumption of goods and services has on La Guajira and the rest of the country, an indirect employment figure of 30.000 people was estimated.

Due to this, La Guajira presents unemployment levels below the national average. And the last years this tendency is strengthened going from a 12.2% unemployment rate in 2001 to 7.1 in 2005. In the mean time, Cerrejón wishes to promote strategic productive sectors besides mining activities to make these figures even lower and generate more productive job posts.

Unemployment rate

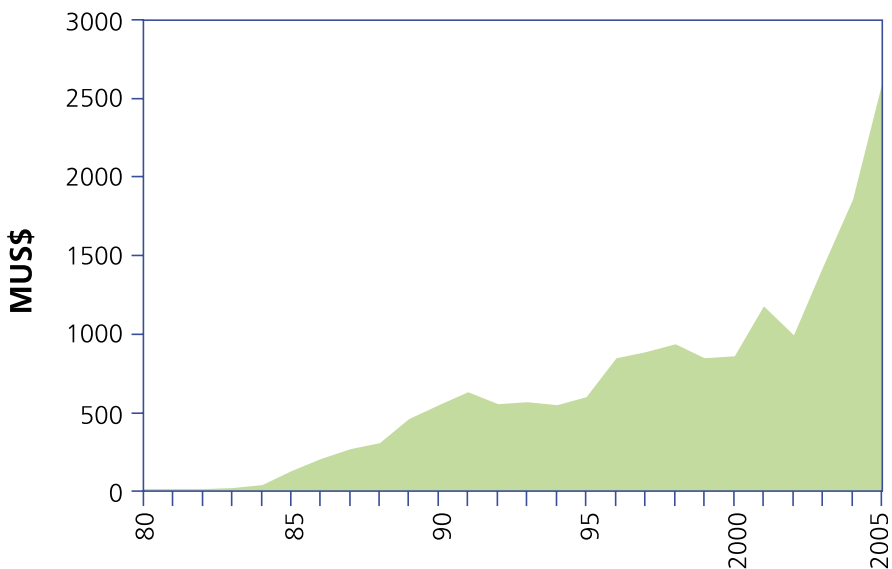


Source: DANE

Impact of coal exportations from Cerrejón

Coal mining has been one of the more dynamic sectors in growing and spreading in the last years.

Colombia's Coal Exports



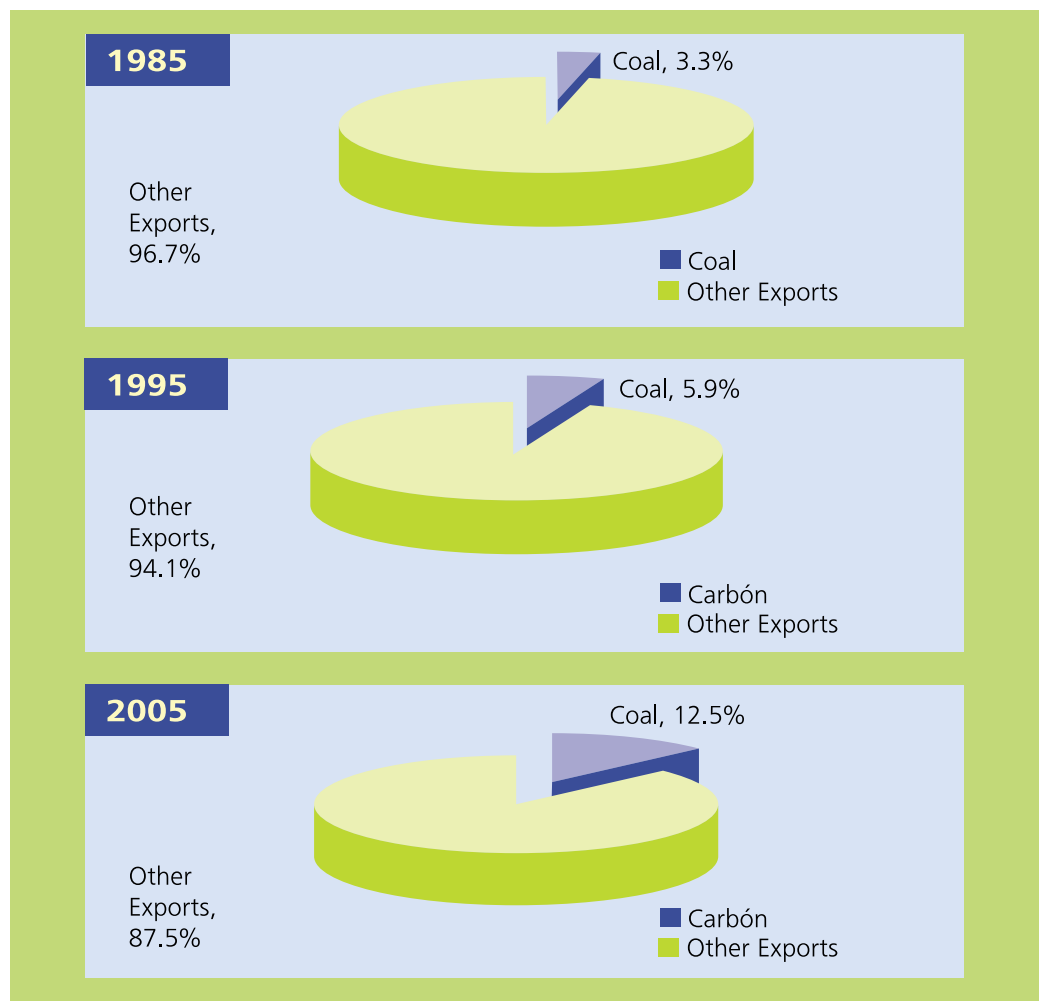
Source: Banco de la República

Colombia became known as a relevant coal producer in the second half of the 1980s with the development of El Cerrejón complex in La Guajira. It continued growing in the 1990s (Drummond’s operation started in this decade in Cesar), and has consolidated as one of the biggest exports sector of the country in the 2000s.

By the year 2005 coal exportations of the country exceeded US\$2.500 million, which is a record for the mining industry of the country.

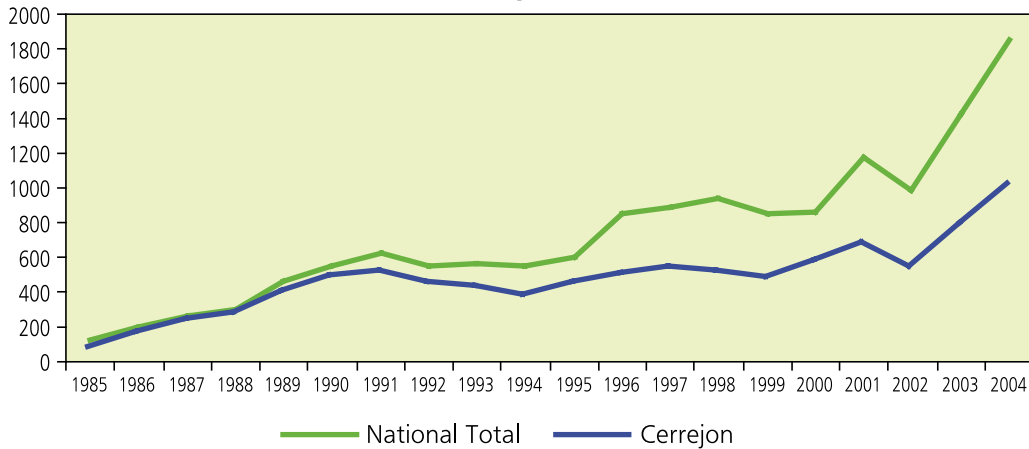
In the same way, the presence of these exportations has been increasing significantly. In 1985 they represented 3.3% of the total exports, in 1995 the figure had increased to 5.9%, and in 2005 it was 12.5%.

Percentage of the Coal Exports in the Total Exports



Nowadays the coal represents the second most important export figure after the oil. The coal represents 21% of the traditional national exports and 12.5 of the total exports

Colombia. Coal exports - Million US\$



In the mean time (2006 – 2009), the exports are expected to increase significantly, reaching around 55-60 million tons in 2008.

Due to planned expansion projects, coal exports will have dynamic and significant growth rates among the traditional exports. According to Banco de la Republica, there will be an increase of 8.4% until 2001, while coffee exports will grow marginally, and oil exports will recover by the end of the decade.

La Guajira activities will increase exportation until reaching 32 million tons in 2008, and several scenarios have been considered for this production increment. According to the information from Banco de la Republica, coal will keep its participation at about 12% of the total exports of the nation.



SOCIAL IMPACT

- 3.17 ■ The mining operation in Cerrejón presents the best results regarding the positive impact on the social well-being of society under its influence zone and in all the department of La Guajira.

There are many ways of “measuring” the concept of well-being. A traditional one is the satisfaction of the basic needs of a region or country. The methodology used here is known as UBN (Unsatisfied Basic Needs). The more unsatisfied needs a population has, the poorer it is considered.

According to this, a household has UBN if one of the following factors is present: 1) house built with inadequate materials. 2) House with inadequate aqueduct and draining services. 3) High economic dependence, or when one of the kids between 7-11 years does not go to school.

The index of unsatisfied basic needs identify the amount of people or households with one or more of these unsatisfied needs that are incapable of surviving in the society to which the household belongs. This index considers infrastructure and is complemented with the indicators of economic dependence and school assistance.

The impact of Cerrejón on the UBN was measured in a study by Econometrics 1997. Based on the 1973, 1985 and 1993 census, the study concluded that “the department of La Guajira is, after Atlántico, the coastline department with less UBN index”.

After 1993 the UBN information by department is incomplete, and it is necessary to wait for the final results of the most recent census in the country. However, information from some individual social variables related to educational factors warns that La Guajira must work harder since most of the department’s schools rank low in the National Examinations, and the primary and secondary school coverage have decreased in the last years.

As a contribution from Cerrejón to educational development, the CREM (Municipal Educational Resources Centre) was established in Fonseca municipality, working with the



highest educative standards, and the best possible equipments in laboratories, libraries, and technical resources. Besides providing specialized education it is linked to the needs of the community and the region, leading the advances in science and technology.

Cerrejón also created the “Excellence Scholarships” that provide the necessary funds for the best high school students’ further education, in order to become valuable human resource for the region.

In the health field, Cerrejón built the Barrancas Hospital, a level II Hospital that covers the health needs of the entire department.

Cerrejón supports the Guajiran micro-companies with soft development loans that have helped to consolidate several small-scale productive activities in the region. Cerrejón will be committed to support the development of La Guajira, and we are sure that this will be reflected in the well-being indexes of the recent census.

Conclusions

1. Cerrejón’s operation represents more than 48.1% of La Guajira’s productive capacity.
2. Cerrejón’s operation has a positive impact on the growth of the Guajiran economies, making it raise at an average rate of 3.9% in the last decade, obtaining per capita incomes higher than other regions of the country. This growing level would not have been possible without the presence of Cerrejón. In fact, Cerrejón’s activity has demonstrated to improve the GDP per capita on 52%.



3. Coal exports experienced a structural change from 1985, beginning of the operations of Cerrejón. This structural change has been maintained through a permanent impact through the years.
4. The primary and indirect added value generated by the coal exports has been reflected on goods purchase and services contracts. 100% of the contracts in 2005 were paid in full according to the established conditions. This helps to maintain a dynamic generation of needs for the services in the region and the country that would not exist without the Cerrejón activity.
5. Unemployment levels in La Guajira are below the national average. Due to the direct use of human force in La Guajira and the multiplying effect of the operation, an indirect work force has been generated and became important for the mining complex. According to the expected expansion, the Guajiran need of services and goods will increase, and this will lead to the creation of more job posts.
6. Social indicators show a general tendency to improve, even though they are slightly below the national average. In some cases they are similar to the ones of the mining departments. However, and even though there is a lot to do, Cerrejón and the regional authorities have started steady projects to improve the life conditions of the Guajiran population. Fonseca's CREM, Excellence Scholarships, Barrancas Hospital, the support to micro-companies with soft loans and many other projects are the proof that Cerrejón is committed to the development of La Guajira.

7. In Cerrejon's vision, coal should be the heart of Guajiran economy. It must be embodied in the productive apparatus in a dynamic way as a modernizing factor of technological change. This important resource must be driven based on a long-term perspective. That's why the use of future profits must be done strategically since they are a huge source of wealth. To achieve this, Cerrejón works to be an active agent in the institutional process of future decisions. The creation of the Profits Control and Surveillance Committee as well as the citizen's surveillance are incentives from Cerrejón and the national control organisms, together with the Guajiran society, to ensure the proper investment of the department's resources.

THE VALLEJO PLAN

The Vallejo Plan is a regimen that allows importing raw materials, goods, spare parts and intermediate goods on a temporal basis into the national customs territory tax-free or with low tax rates when they are needed to produce exportation goods, offer services directly related to the production or exportation of such goods. Cerrejón gets some benefits from this plan.

Main indicators

INDICADORES ECONÓMICOS DEL CERREJÓN	2004	2005
Producción (Millones de toneladas)	23.7	26.0
Regalías pagadas (Millones de pesos)	110.245	255.676
Exportaciones (Millones de toneladas)	22.7	25.5
Divisas (Millones de dólares)	603.6	1.138

IMPUESTOS	2004 (M\$)	2005 (M\$)
Impuestos cancelados a la Nación	353.398	346.331
Impuestos entregados a La Guajira	2.102	1.830

■ EC9

■ EC1

■ EC8

CERREJON'S RESULT BALANCE LLC

EC3
EC8

Total Sales	1,019,315	1,164,771
Total Mine Operative costs	416,942	549,867
Total Infrastructure Costs	26,948	61,119
Other Costs	122,555	72,048
Total Operation Costs	566,445	683,034
Operative results	452,870	481,737
Total Taxes	130,396	149,204
Interests for loans to the shareholders	4,168	0
Net result	318,306	332,533

Detail of the following accounts

Operative costs of the Mine		2004 MUS\$	2005 MUS\$
	Royalties	82,027	105,593
	Wages and Benefits	88,880	114,515
A	Fuel and lubricants	69,189	111,480
	Spares and Supplies	81,501	96,166
	Contracted Services	46,139	56,749
	Other	49,206	65,364
	Total operative Costs of the Mine	416,942	549,867

Other Costs 2004		2004 MUS\$	2005 MUS\$
B	Depreciation y Amortization	96,661	87,679
	Reserves movements	25,894	-15,631
	Other costs totals	122,555	72,048

CERREJON'S BALANCE LLC

Balance Sheet		2004 MUS\$	2005 MUS\$	
Assets	Non Current	Fix Assets	968,811	1,038,011
		Intangibles	358,505	348,797
		Other Debtors	13,037	17,062
		Total	1,340,353	1,403,870
	Current	Cash	24,352	111,497
		Accounts Receivable	94,912	102,329
		Inventory - Warehouse	46,890	65,618
		Inventory - Coal	31,008	46,639
		Other Debtors	23,381	33,579
		Total	220,543	359,662
	Total	1,560,896	1,763,532	
Liabilities	Deferred Taxes	220,307	225,186	
	Closure Provisions	21,848	24,032	
	Total	242,155	249,218	
	Accounts Payable	51,845	104,573	
	Taxes on Revenue	131,531	85,260	
	Provisions	14,094	2,217	
	Total	197,470	192,050	
	Total	439,625	441,268	
NET ASSETS		1,121,271	1,322,264	
Equity	Share Capital	238,281	238,281	
	Shares Dividends	7,149	7,149	
	Shareholders Interests	613,183	629,389	
	Retained Profits	262,658	447,445	
	Total	1,121,271	1,322,264	

EC7





RELATIONSHIP WITH OUR STAKEHOLDERS





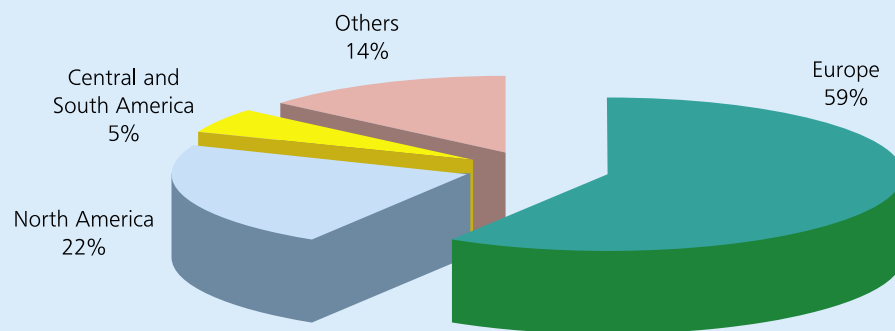
RELATIONSHIP WITH OUR STAKEHOLDERS

Our clients

2.7

■ Cerrejon’s coal production is exported entirely. Its main market is Europe (including the Mediterranean), North America and the Far East. More than 95% of our coal is used generating electric energy, and the remaining 5% is used in cement and steel industries.

Exportations



EC2

Destiny	Quant. (Mt)	%
Europe	15.1	59
North America	5.5	22
Central and South America	1.3	5
Other	3.6	14

Client’s satisfaction

Cerrejón acknowledges client’s satisfaction as of vital importance for its success in the coal business. Being aware of its responsibility with direct clients and resellers, the Company makes an effort in understanding their requirements, and in solving their needs in the most effective way.



Ways of satisfying the client's needs

Coal from Cerrejón is marketed through the Coal Marketing Company, who delivers it to several clients, mainly in Europe and the United States. Cerrejón offers technical support to Coal Marketing for the external clients.

■ PR8
|

In this way, Cerrejón makes about four visits every year to external clients to make combustion tests in their facilities, to evaluate the coals performance, discuss technical issues, and solve questions related to enhance the use of the mineral.

On the other hand, a permanent contact is held between the marketing company and the clients. The client's needs are transmitted through the routine communications between the two companies, Coal Marketing Company and Cerrejón. As a result of this

interaction, the appropriate measures are taken in the mining field to enhance the final client's satisfaction.

Our Products

The usual coal from Cerrejón is a non-washed product, with low sulphur, from mineral layers with a thermal power ranging from <10,000 BTU/lb.* up to >12,100 BTU/lb. The products of 6,000 Kcal./Kg.** (~11,350 BTU/lb.) or less contain more than 11% ash (usual), while for products with values higher than 6,000 Kcal./Kg., ash content is about or below 10%. The content of volatile material in Cerrejon's coal is between 32% and 34%, while the total sulphur is less than 0.85%.

The coal from Cerrejón is, taking into account the carbon and energy contents, of high level, bituminous type, with high content of volatile material, low ash concentrations, and low sulphur. These qualities make it attractive for countries with very strict environmental regulations.

*BTU (British Thermal Unit)

**Kcal. (Kilocalories) Kg.

Quality certification

PR1



The quality of the grinded coal is measured by the analysis of samples taken by an automatic tester. Before loading the coal into the train and in a period of time inferior to than two hours, the quality of the coal is determined by fast laboratory tests.

PR2



Once the coal is in the port, it is stored and delivered in a way that ensures its quality will not vary. A certified testing plant, operated by an independent operator is used to certify the quality of each shipping.

About 90% of the quality for Cerrejon's shipping is determined in Puerto Bolivar by an independent inspector, according to means and procedures universally accepted. For the remaining 10% the analysis from Puerto Bolivar and the unloading port are used.

With our neighbours

In the following table we detail our target groups, the characteristics of each one of them, the way we relate, topics of interest, and some results achieved during 2005.



GRUPOS DE INTERÉS-STAKEHOLDERS	CARACTERÍSTICAS AUDIENCIA	MÉTODOS DE RELACIONAMIENTO	TEMAS DE INTERÉS FORMULADOS	RESULTADOS DE COMPROMISOS
Empleados	La fuerza laboral de Cerrejón está constituida: 4.424 trabajadores directos 3.877 contratistas 2.696 oriundos de La Guajira 47 son mujeres 83% operarios y técnicos	Comunicación directa cara a cara a través de los siguientes mecanismos: Grupos Naturales, Team Building, Reconocimiento Corporativo, Reunión Anual con Presidencia, Evento anual de fin de año. Este proceso se complementa con los siguientes medios: Revista interna, video informativo, sistema de carteleras, emisora de radio, intranet, boletines departamentales Estos medios se evalúan periódicamente a través del sistema de encuestas.	Los temas que prioritariamente se tratan son los del Sistema de Integridad Operacional. Adicionalmente se tratan temas relacionados con los planes y beneficios que ofrece la compañía.	Visitas de hijos de empleados a las instalaciones de la Mina. Mejoramiento de los contenidos de los medios institucionales. Mejora y relanzamiento Portal Corporativo de intranet.
Sintracarbón	Sindicato Nacional	Control de derechos convencionales de alimentación y transporte.	Respeto a las convenciones en temas relativos a la alimentación y transporte.	Comisiones intersindicales de alimentación y Transporte.
Familia del trabajador	Familiares	Centros de Atención de Bienestar Integral (CABIS)	Seguridad, crecimiento personal y familiar, coordinación clubes deportivos.	Compromisos y acuerdos en hábitos y comportamientos a los que se les hace seguimiento.
Autoridades militares	Ministerio de Defensa	Contacto directo - reuniones - visitas - conversaciones telefónicas.	Cooperación / convenio para la protección de las operaciones, Permisos de importación y compra. Contrato de coproducción. Suministro de accesorios, sobrevuelo de naves de Cerrejón y terceros usuarios del Aeropuerto LMN y PBV, cooperación en las Investigaciones, practicaje, remolque, permisos y trámites en materia marítima, relaciones con la Capitanía de Puerto de Puerto Bolívar	Apoyo para la protección de las instalaciones.
Autoridades locales (Alcaldes de Riohacha, Uribe, Maicao, Barrancas, Albania, Hatonuevo, Fonseca, Distracción y sus secretarías respectivos.)	Funcionarios públicos encargados de la gestión administrativa del ente territorial	Reuniones de trabajo, comunicaciones escritas, visitas periódicas	Apoyo a proyectos sociales, situaciones especiales indígenas, proyectos educativos, programas de prevención, manejo de reasentamientos.	Compromiso de apoyo por parte de la empresa para el desarrollo de proyectos sociales, brigadas de salud, apoyo institucional, convenios interinstitucionales, Apalancamiento de proyectos con recursos económicos.
Proveedores y contratistas	Empresas nacionales y extranjeras que nos proveen bienes y servicios.	Reuniones periódicas con proveedores mayores para hacer gestión de mejoramiento. Reuniones mensuales con los contratistas para tratar temas de integridad operacional y reuniones continuas de administración. También se desarrolla una reunión cada dos años para revisar las políticas del Cerrejón.	Oportunidades de mejoramiento, desempeño de IO y técnico, tiempos de entrega de materiales, etc, procesos de compra y contratación transparentes y claras.	Disminuciones en los tiempos de entrega. Programas de mejoramiento en IO. Mejoramiento en desempeño.
Acionistas	Auditoría HSEC, Reporte de todos los departamentos	Visitas de seguimiento trimestrales, informe mensual	Salud, seguridad, ambiente, comunidades, aprobación de proyectos, de recursos y políticas, auditorías	Plan de mejoramiento de acuerdo a hallazgos de auditoría, Respuestas oportunas y compromisos mutuos
Medios masivos de comunicación.	Periodistas y directores de medios locales, regionales y nacionales.	Boletines y comunicados de prensa, ruedas de prensa, eventos académicos y reconocimiento público.	Todos los temas de interés para la comunidad, en especial los de impacto directo a la comunidad.	Emisión de boletín de prensa semanal. Patrocinio evento académico anual - Realización Premio de Periodismo.

3.15

Associations' Memberships

- National Business Association of Colombia, ANDI
- Foundation Ideas for Peace
- Colombian Mining Association, Asomineros
- Caribbean Entrepreneurs' Association for Professional Training, AFEMCA
- Business Alliance for Secure Commerce, BASC
- Colombian Soldering Association
- Colombian Engineers Association, ACIEM
- Colombian Human Action Association, ACRIP
- Gas and Energy Chamber
- Latin-American Railway Association

3.14

Commitments and alliances

According to Cerrejon's philosophy of being an excellent legal entity where it operates, we have committed ourselves on a voluntary basis to several programs, principles, and projects:

The Company is member of the World Coal Institute-WCI, a non-profit and non-governmental association formed by companies of the coal community. The WCI promotes coal as a strategic resource, essential for a modern life quality, and as a key factor to the sustainable development, and an essential element for a greater energy safety.

The Company has joined the United Nations World Compact (April 2004), in a voluntary ethic commitment, following the principles that entities from all the countries should adopt the ten principles of action and behaviour in Human Rights, Work, Environment, Fight against corruption, as an integral part of their strategies and operations.



Awards

- Premio Iberoamericano de la Calidad en la categoría empresa privada grande - Iberoamerican Quality Award to large businesses.
- Premio Colombiano a la Calidad en la categoría Gran Industria - Colombian Quality Award for the large industry.
- Premio Cruz Esmeralda del Consejo Colombiano de Seguridad - Colombia's Safety Council Emerald Cross.
- Premio Nacional de Ecología "Planeta Azul" - National Ecology Award "Blue Planet".
- The Council of the city of Albania acknowledged Cerrejón for its important social support to the city.
- The municipal administration of Barrancas awarded Cerrejón the "Gran Orden del Carbón - Coal Great Order" for its several social and communal services to the Guajiran population, especially to this municipality, stating its importance as a protagonist in the forty years of history of Barrancas.
- The Ministry of Social Protection and the Colombian Institute of Family Welfare (regional centre in Rioacha) acknowledged Cerrejón Foundation for the effort, team work, and economic support to improve the life quality of the kids and families of Rioacha.
- In November 2005 the First Binational Meeting of Ethnoeducation awarded Cerrejón for its support to the Intercultural Bilingual program.
- The "Karratza de Oro" - Golden Karratza medal was given by the city of Maicao for Cerrejón's Social Work in La Guajira.



- The Departmental Assembly awarded Cerrejón a Medal for its 20 years in micro enterprises programs.
- Medal to Cerrejón for Social Work in La Guajira during forty years from:
 - Guajira's Governor - Cruz Almirante Padilla
 - Departmental Assembly - Orden Luis A. Robles
 - Representatives House - Orden Cruz Comendador
 - Acknowledgement for the Social Work in Fonseca, construction and dowry of the CREM - Medalla Higuito de Oro.
 - Acknowledgment for the greater Social Work B.S.A. from the British-Colombian Chamber of Commerce (England)

MM1

MM2

Providers

Cerrejón holds in storage more than 80.000 items, mostly dowry, spare parts and consumption goods. The amount of contracted services reaches U\$91.9 million. The services and hardware department administers the processes related to the acquisition of goods and services the Company requires for all its activities, and the relationships with providers, contractors, and buyers of exceeding material.

EN33

Mensualmente se realiza una reunión con todos los representantes de las empresas contratistas con el fin de analizar y revisar todo lo relacionado con el Sistema de Integridad Operacional. Adicionalmente, cada dos años realiza una reunión con los proveedores contratistas en la cual se hace un refresco sobre las políticas de Cerrejón.

Relationship with employees

88% of our purchases are made in other countries, since our main supplies (which are the most expensive) come from North America. Among these supplies we can count heavy machinery, and the tyres for the mining equipments. The other 12% is made up of national acquisitions; these reached U\$49.4 million in 2005, including the oil supplies.



COMPRAS Y CONTRATOS CIFRAS EN USM\$

EC4

EC11

	INTERNACIONAL	NACIONAL	GUAJIRA	TOTAL
COMPRAS	372.5	49.3	0.1	421.9
% DISTRIBUCIÓN	88%	12%	0%	
DISTRIBUCIÓN COMPRAS POR PAÍS				
EE UU	223.8			
CANADÁ	75.4			
COLOMBIA	49.4			
ALEMANIA	28.6			
JAPÓN	17.9			
NORUEGA	16.8			
CHILE	3.7			
AUSTRALIA	2.9			
OTROS	3.4			
PROVEEDORES CON EL 10% O MÁS DEL TOTAL DE COMPRAS				
GLENCORE	102.9			
HITACHI	72.4			
MACHINERY CORPORATION OF AMERICAN	47.1			
COMPRAS EN MATERIA PRIMA	132.9			
COMPRAS OTRAS MERCANCÍAS	289.0			
TOTAL	421.9			
COSTOS DE SERVICIOS CONTRATADOS				
CONTRATOS	8.7	76.1	7.1	91.9
% DISTRIBUCIÓN	9%	83%	8%	
Glencore es proveedor de Gasoil para Cerrejón.				

The raw goods inversion in 2005 reached U\$132, 9 million, including Ammonium Nitrate, explosives, and fuel. Other buys included spare parts and equipments by the amount of U\$ 289 million in 2005.

In relation with the contractors, 83% corresponds to Colombian companies, though they are not home located due to the required high specialization. The expenses in La Guajira were U\$7,1 million, which is 8% of the total spending.





RELATIONSHIP WITH EMPLOYEES





RELATIONSHIP WITH EMPLOYEES

Our Vision's milestone and permanent commitment is to promote the participation, development, and excellence of the work force. That's why we provide the mechanisms and conditions for a productive and safe working environment where our employees can develop themselves growing personally and professionally. In this chapter we present a summary of the main programs and indicators.

MM12

OPERATIONAL INTEGRITY SYSTEM

The System of Operational Integrity is made up of 15 elements that cover all the aspects a Working Plan must have in Security, Health, Environment, and communities, to prevent, ease, eliminate or control the risks related to each of these areas. Cerrejón has been certified with the ISO 14001 and OHSAS 18001 norms by Bureau Veritas Quality International, which confirms our quality controlling adequately our risks in Security, Health, and Environment, confirming that our System of Operational Integrity in the Company is solid, well structured, and responds to the operational needs. Cerrejón is the tenth company of the country, and the first mining company in Colombia that receives these international certifications.

LA5

Safety

A top priority in Cerrejón is the design and continuous exercise of control and prevention measures aimed at protecting the workers and contractor's security as well as maintaining a risk-free operation. We work continuously on training the employees at using all the safety tools as PPABC and the AST.

LA7

INDICATORS	2004	2005
Casualties	1	0
No fatal incapacitating injuries (Lost time and restricted work cases)	35	38
Medical treatments	42	41
All injuries	139	162

Occupational Health

During 2005 Cerrejón continued the reinforcement of its occupational health and safety programme through the coordination of preventive medical services and the attention of potential working illnesses, work accidents, and emergency reaction. We also practice programs on epidemic control, and exercise protection and control activities aimed at controlling the health risks directly related to our activity.

LA14
MM13

We have regular medical examinations, and offer prevention programs on ergonomics, alcoholism, drug use, mental health, respiratory health, and healthy life styles.

Work and preventive medical activity	2004	2005
Pre-laboural exam	554	664
Retirement exam	75	58
Regular exams	3.131	3.264
Occupational exams	736	930
Auditive acuteness exams	3.609	3.264
Visual acuteness exams	3.472	3.849
First Aid Cases	6.937	5.330
Auditive, respiratory, ergonomic and AIDS campaigns (people)	23.287	2.130
Mental health and drug dependance campaigns (people)	1.214	814

LA8

Joint Committee

The Health and Industrial Security Joint Committee is made up by four representatives of the Administration and four representatives of the workers, elected for a two-year term. Two administrative and two worker representatives are elected in Puerto Bolivar, and one administrative and one worker representatives in Barranquilla. The committee is elected for two-year terms and holds regular sessions at least once a month.

LA6

Alcohol and Drugs Rehabilitation Program (Case Study)

This program is part of our Alcohol and Drugs Policy. It is based on the integral rehabilitation of workers having personal, familiar, social, or working problems due to his use of alcohol or drugs.

The objective is to identify and control work related risks regarding the abuse of alcohol and drugs.

Through the self identification of the employee in the Medical Division, and after several professional evaluations, the treatment is designed following two phases: hospital, and control.

The Integral rehabilitation involves the other members of the employee's family surrounding his daily life. That's why re-socialization is important, as well as changing the habits to reach permanent sobriety, adopting healthy life behaviours that lead to a safe development in his daily routine.

Cerrejón recognizes alcoholism and drug use as illnesses, and that both can be treated. We believe it is possible to live without these substances. We offer the dependent employee the opportunity to get benefits from our Policy. This tries to eliminate addiction and its negative side effects since they are an obstacle for the worker's performance and his relationship to the rest of the company.

The Medical Division offers assessments and guides the treatment according to specialists and institutions highly recognized for their medical qualifications.

This program started in 1992 and has treated 66 employees. Now, 43 of them are part of the company and are clean, meaning they are sober and have performed well in their work. 21 of them have received grades or mentions to their sobriety after 5 years of abstinence and active participation in the Social Support Groups of the workers. These groups work at the company and the residence of the workers where AA Groups have been created or strengthened.

During the 14 years of the Program, we have had 15 employees who have relapsed (22,7%). This talks about the high success of our program, since world figures are more than 50%. Whenever possible, these workers have retaken the program having a new opportunity so they don't leave the company.

Industrial Hygiene

We develop detection, quantification, prevention and control activities to manage the risks of the work to avoid any illnesses in the working environment that could affect the work force, keeping it clean. There are different risks in the different areas of the company, that's why we established different activities in each one to ensure a proper control everywhere.

The activities go from the evaluation of industrial environments to the evaluation of the people, as well as the support and assessment to government organizations covering the company's zone, helping them to develop prevention and control of epidemic and endemic illnesses.

Job Creation

By December 2005, Cerrejón had 4.424 direct employees. 59% of them is people from La Guajira, 30% are workers from the rest of the Caribbean Zone, and 11% from other parts of Colombia. 3.877 other works have been created through the contractor companies.

Working Life

The workers of Cerrejón enjoy a high working stability. 16% of our workers have been with us for more than 20 years, and 53% of them have been working for 11-20 years. The annual replacement ratio is 1.6%.

In 2005 a total of U\$127.346.600 was paid to the workers as salaries

Cerrejon's Human workforce	2005
Cerrejon's direct employees (Includes temporary)	4.424
Contractors	3.877
Total	8.301

LA2

LA1

EMPLOYEES ANTIQUITY						
Technical Personnel	0 a 2 years	3 a 5 years	6 a 10 years	11 a 20 years	More than 20 years	TOTAL
Permanent	24	171	306	2.000	488	2.989
Temporary	426	192	47	10	1	676
Total	450	363	353	2.010	489	3.665
Professional personnel	111	39	76	344	189	759
Grand Total	561	402	429	2.354	678	4.424

LA10

CITY OF ORIGIN				
ORIGIN	GUAJIRA	CARIBBEAN COAST	REST OF THE COUNTRY	TOTAL
No. of Employees	2.597	1.326	501	4.424

LA3

LABOURAL INFORMATION			
	M	F	T
1. AFFILIATED WORKERS	465	76	541
2. RETIRED WORKERS	246	62	308
3. TEMPORARY WORKERS	392	6	398
4. TOTAL WORKERS	4.217	207	4.424

Training

EC5

From the moment they enter the Company, the workers receive permanent training to perform their work in an efficient and safe way. To ensure the quality, every year we develop a program of security, health, and environment training through seminars, most of them being compulsory. In the year 2005, 194.692 man-hours were spent training personnel.

LA17

Industrial Practices

CERREJON'S TRAINING REPORT BY DEPARTMENT

TERM: January 1/05 December 31/05

CATEGORY	No. OF PARTICIPANTS		MAN-HOURS QTRLY			YEAR ACUM.	ANNUAL PLAN	% ACCOMPL
	ROL		MPT	PTC	TOTAL			
	MPT	PTC						
Company's Core	571	855	5.639	14.375	20.014	20.014	20.200	99%
Functional	689	585	13.430	8.574	22.004	22.004	25.200	87%
Management	135	4	6.254	8	6.262	6.262	6.200	101%
SIO	3.205	7.833	12.205	51.676	63.881	63.881	66.230	96%
Operational	174	2.929	3.749	78.782	82.531	82.531	70.252	117%
Total	16.983		194.692			194.692	188.082	104%

LA9

INDICATORS			
	ANNUAL PLAN	REAL	%
Man-hours in training	188082	194692	104%
Training Budget \$ Us K	485.5.	519	107%
Training index	1.9%	2.0%	
Man-hours training costs \$ Us	2.58	2.67	

Cerrejón offers the opportunity to students in Administration, Engineering, Accounting, and other professional areas for practicing during one semester in their regular study plans.

With this scheme we want

LA16

- To provide one of the best selection methods of candidates for a permanent job, having a deeper knowledge of the student.
- To get a valuable help developing special works that not always can be performed with permanent workers.

- To provide the students economic help to develop their knowledge.
- To maintain good relationships with the best universities of the country, which are the best sources of candidates.

In the year 2005, 67 students from different universities went to have their professional practices.

Policy of Corporative Acknowledgement

When outstanding job performance and achievements are accomplished according to our guidelines, it is Cerrejon's policy to value and acknowledge them properly, promoting a culture where good working practices are acknowledged, reinforcing in this way the outstanding performance of the workers.

3.19

Institutional Acknowledgement

This program has as its main objective to acknowledge the outstanding achievements and performance of the workers, and plays an important role in reaching the targets and objectives of the business.

All employees are eligible to receive acknowledgments in its proper way and time, according to the results. Outstanding efforts in Security, Health, Environment, and Communities are valued, as well as those exercised in the attention to the client, productivity, protection and team work areas.

The Excellence in Ideas Program

This is a program that promotes development in an innovative working environment that allows the continuous generation and practice of ideas that can contribute to the enhancement of the individual or team productivity, making use of all the creative potential of the employees.

Productivity Bonus

Program established by the Company to promote and acknowledge the individual and team productivity when their results equal or exceed the established goals in security, productivity, and costs. This is a way to promote the team work and the participation of the team in the improvement of the Company's productivity.

Benefits for the employees and their families

El paquete total de empleo (salario, beneficios legales y planes voluntarios) es competitivo

en el mercado laboral y está diseñado para atraer y retener personal idóneo, motivado, innovador, orientado al trabajo en equipo, orgulloso y comprometido con la misión y visión de la empresa. La atención de necesidades económicas mayores (salud, ahorro, vivienda, seguridad de la familia) es una responsabilidad compartida entre el trabajador y el Estado. Los planes voluntarios están orientados a complementar los beneficios legales, sin sustituirlos.

Cerrejón worries for the physical and mental health of employees. Several programmes have been established to fulfil these concerns: Security and stability for the family nucleus, savings, retirement plan, industrial safety and hygiene.

Benefits

Cerrejón is in charge of administering the legal obligations created by the Nation to ensure every employee to have access to benefits as social security, family security, unemployment wages, vacations, services fees and transportation help. Extralegal fees vary according to the Collective Work Pact and comprise, among others, vacations and Christmas bonus.

Voluntary plans

Cerrejón offers several voluntary plans, where contributions are shared by the employee and the company. These plans are targeted at satisfying the basic needs of the employee’s family and to enhance benefit its own working force. Some of the programs are: Savings and Retirement Fund, Program for House Acquisition, Integral Health System, Hospitalization, Surgery and Maternity Plan, Integral Security Plan.

■ LA12
|

Working Relationships

During the year 2005 the relationship between the company and the workers were developed in an ambient of mutual respect and excellent working environment. The National Union of the Coal Industry (SINTRACARBON) had 2.904 affiliates by December 2005. Through several committees both Company and Union analyze and address common concerns on food and transportation.

Complementary health plans (SIS)

Número de beneficiarios	11,946
Total cost (\$M)	10,259 (Shared)
Affiliation level (percentage)	59%

House Acquisition Program (figures in millions)

Employees with house loans	2,878
Potencial of users	921
Granted loans	326
Used Loans	224
Usage Index (%)	69
Granted Loans (\$M)	17,765
Used loans (\$M)	6,656

Destination

Building and finishing of construction	10%
Acquisition	88%
Payment of mortgages / taxes	2%

The house acquisition programme has benefited 2.878 employees with loans of 17.765 million pesos.

Catering

Lunches - Mine	2.005
Average services / day	1.790
Total services / year	651.400
Cost \$M	9.600
Medical exams to waitresses	140
Food (Quarterly)	

Land Transportation

Total transported users	1.200.000
Cost \$M	11.400
Quantity of services*	78.000

Retirement plan

Concept	2005
Affiliated employees	3780
Total contribution -employees (M\$)	12,474
Total contribution -the Company (M\$)	8,731
Total of special withdrawals and final retirement balance (M\$)	18,063

LA13

LA4

LA15

Carrejón has always respected the freedom of affiliation and the legitimate right to negotiate, and acknowledges the Union as the legal representative of the affiliated workers for all the legal affairs.

Absenteeism

The Company makes continuous efforts for reducing the absenteeism. In the year 2005 the total absenteeism, not including personnel vacations, reached 3.21%.

■ LA7
|

2005					
	I-2005	II-2005	III-2005	IV-2005	TOTAL
Unjustified absence	0.03	0.03	0.03	0.08	0.04
Illness incapacity	1.49	1.49	1.40	1.70	1.52
Accident incapacity	0.12	0.14	0.18	0.25	0.17
Non-programmed absenteeism	1.63	1.66	1.61	2.04	1.74
Non-payable permissions	0.33	0.34	0.44	0.66	0.45
Payable permissions	0.80	0.97	1.07	1.05	0.98
Suspensions/Authorized absences	0.09	0.06	0.03	0.01	0.05
TOTAL WITHOUT VACATIONS	2.85	3.03	3.16	3.76	3.21
Vacations	5.93	4.36	4.26	5.00	4.87
TOTAL WITH VACATIONS	8.78	7.39	7.42	8.76	8.08
Union permissions	0.98	1.10	0.88	0.78	0.93







RELATIONSHIP WITH THE ENVIRONMENT





RELATIONSHIP WITH THE ENVIRONMENT

3.19 ■ Cerrejón develops its activities framed in a harmonic relationship among man and nature, and committed to continuous efforts to identify and control the risks of its activities.

EN35 ■ To achieve this, about U\$70 million have been invested in environmental action programs from the beginning of our operations. These programs include environmental impact studies, systems and equipments for air and water quality control, land rehabilitation programs, systems for the efficient use of natural resources, acquisition of lands for compensations, programmes for the management of native flora and fauna, and environmental monitoring and control programs.

Coal production, transportation, and shipping processes are executed accomplishing the best mining practices and fulfilling the environmental legal requirements of the country. Based in the results from the air and water quality monitoring net in the neighbouring communities, we can assure and demonstrate that our operations have not deteriorated the natural resources or the neighbouring communities.

To ensure and improve the progress in health, security, environment and communities, Cerrejón implemented the Operational Integrity System (SIO), which offers a series of parameters oriented to the prevention and minimization of the risks of the operations' activities.

Calidad de Aire

EN10 ■ To keep the air quality between the legal levels established by the Colombian regulations (Breathable particles -PM10: 50 micrograms per cubic meter, and total suspended particles -TSP: 100 micrograms per cubic meter -annual average) in the neighbouring communities, the following control measures have been implemented: continuous watering of the ways with a fleet of 18 tanks (20 thousand gallons capacity each), dust suppression systems in all the coal transfer places, covered conveyor belts, temporal storage silos to load trains and ships with adequate control of emissions, early land rehabilitation programs to reduce emission by air erosion in low vegetation lands, speed control in transportation ways, and temporal or permanent closing of ways when they are not required for the operation.

To determine the concentration of material and verify the effectiveness of the control

measures to accomplish the air quality requirements, a series of tracing stations with 16 air controllers for the total suspended dust and 8 air controllers for the breathable dust are located in the surrounding communities and the areas of Puerto Bolivar and the Mine. The results from the beginning of the operations show that Cerrejón widely accomplishes the established regulations for breathable and total suspended dust.

Air Quality program	2004	2005	Goals for/05
Analyzed air samples	2,197	1,688	1,891
Operation hours / watering equipments	66,150	59,070	90,000
Applied cubical meters of water	4.8 M	4.1M	6.2M

M: Millions of cubical meters

Water quality

Cerrejón uses water from the Rancheria River, from the alluvial reservoir in La Mina, and from the sea near Puerto Bolivar. During 2005 we used a total of 3 million cubic meters of water from these sources, which is about 30% of the total authorized watering use granted by the local environmental authority Corpoguajira. Part of the water used for watering the ways comes from the depressurization of the coal layers and the surface slag drained to the mining cuts.

Given the fact that the zone is characterized by shortage of water, the recycling of water is important for us. In Cerrejón we lead residual and industrial waters from the operation to sediment pools in the different cuts, with a capacity over 8.4 million cubic meters.

■ EN32

The residual domestic waters are treated in stabilization pools, and its outcome is reused for the watering of gardens and sport fields of the complex, as well as use in mining activities. During 2005 about 264 thousand cubic meters of waters were reused using this system.

To verify the quality of the water used, Cerrejón implemented a continuous monitoring program to determine the effectiveness of the control measures to fulfil the environmental requirements. Some of the control measures are:

■ EN5
■ EN22

- Establishment of measure systems for water bodies extracted from the Rancheria River and its water zone, Bruno Creek, and Tabaco Creek, for domestic and industrial activities, according to the established permissions on water usage granted by the local environmental authority.
- Fat and oil traps and separators in the industrial facilities.

■ EN20

- Management and disposal of solid ordinary and special wastes.
- Establishment of a quality monitoring program to control Rancheria River's water, creeks, and water treatment pools.

Air Quality programs	2004	2005	Goals for /05
Analyzed water samples	542	583	487

3.19

As a tool to evaluate the quality of the Rancheria River the Water Quality Index (WQI) is used. This is a method developed by the United States National sanitation Foundation. The index considers nine hygiene parameters: Fecal coliforms, DBO, dissolved oxygen, pH, phosphates, nitrates, total solids, temperature, and mudding. This index is measured monthly and its result spans all the nine parameters. The analysis of this index concludes that Cerrejon does not contaminate Rancheria River's water in its use for mining purposes.

Land rehabilitation

The process of land rehabilitation started in 1990 in the lands freed from mining activity. By December 2005 a total of 5.629 acres were recovered and incorporated as environmental zones. This amount is the highest at national level and it may rank among the most important at Latin-American level. This is a planned action which objective is to rebuild the used ecosystems, understanding that it also has live components as flora and fauna.

EN23

The process of land rehabilitation has been acknowledged by the national environmental authorities and is considered as a national model for mining operations with similar characteristics.

Sea ecosystems

Every five years the sea ecosystems of Bahia Portete are analyzed to determine the quality of the coral formations, the status of sea prairies, micro fauna in soft bottoms, and mangrove swamps. The analysis also determines the amount of sedimentation in beaches and soft bottoms. The results of the last study in 2005 determined that no damage was caused in the sea ecosystems by the Puerto Bolivar operations.



EN35

Land rehabilitation program	2004	2005	Goals for/05
Preserved soil (million m3)	2.2	1.6	1.4
Zones rehabilitation program (ha.)	203	144	200
Stabilized zones (ha)	200	204	200
Replanted zones (ha)	155	150	150

Cost of the programs (*) million Pesos

Programmes	2004	2005
Environmental studies	\$582	\$1,372
Monitoring and control (1)	\$12,296	\$16,659
Soil preservation	\$2,057	\$2,604
Land rehabilitation (2)	\$5,536	\$2,108
Sub-total	\$20,471	\$22,743

Active equipment

Incinerating oven		\$447
Replacement of the tank fleet	\$1,803	\$2,980
Instruments and equipment	\$100	\$182
Lands for environmental preservation (3)	\$1,583	\$3,496
Sub-total	\$3,486	\$7,105
Total	\$23,957	\$29,849

EN12

■ **Multi-spectral studies**

The monitoring of zones using multi-spectral images is made to evaluate the impact of the mining activity on the ecosystems near the complex. The last study was made in the year 2004 and the results concluded:

- The calculated slag shows a stable behaviour in the three analyzed periods, with a direct relation to the precipitation in each analyzed period. The variation of the slag volume is near 8.8% (1,050 mm in 1986 to 943mm in 2002), at the same time the measured precipitation shows a variation of 9% for the same years (1060 mm en 1986 y 943 mm en el 2002).

EN6
MM6

- Changes in the use of the soil produced by the mining activity are 11% of the studied zone, that's why the change of use of the land on slag is not relevant according to the evaluation method used.
- In the monitoring pits increasing and decreasing cycles can be observed in the freatic level, correspondent to increasing and decreasing precipitation distribution.
- From 1997 to 2002 there is equilibrium in the freatic levels. Even with this data, it is not possible to conclude upon the real changes caused by the mining on the underground water balance levels.

Implementation

Among the incidents report system on Operational Integrity, the year 2005 counts three environmental incidents: the leak of 17.300 gallons of Nuto68 Oil; leak in the 4B hangar in the permanent factory, and leak to the Rancheria River. These incidents were controlled using the emergency plan for fuel leaks and no damage implying further sanctions from the national or international environmental authorities was found.

Feasibility study (expansion plans)

EN16

EN13
EN14

■
Carrejon studies the feasibility to extract new coal layers in the lands owned by the Company where no human settlements exist, and not affecting urban zones. Nowadays the environmental line studies are developed taking into account the physical, biological, and social aspects. These studies are made by specialized national auditors with proved experience in this kind of analysis, and they consider the following characteristics:

- Description, characterization and analysis of the physical, biological, and social environment.
- Definition of the critical, important and sensitive environmental and social ecosystems to be excluded or treated in a special way.
- Evaluation of the ecosystems.
- Identification and evaluation of the environmental impact that will be produced.
- Design of the prevention, correction, compensation and lessening measures for the impact.
- Joint work with the neighbour communities to define the environmental action measures.
- Design of the environmental monitoring and control systems to evaluate the effectiveness of the proposed measures during the construction and operation phases.
- Design of a contingency plan based on the identification and evaluation of the natural, technological and social risks linked to the construction and operation.

The study of the social component will focus specially on the alterations during the construction and operation of the project, taking into account the generic impact linked to it. After that the prevention, correction, compensation and lessening measures for the impact will be proposed.

Despite all the previous considerations, the change of the course of the river should be evaluated and approved by the environmental authorities. The Company will not start this project until all the necessary studies have been completed, to guarantee there will be no impact on the community not related to the complex.

Initiatives to use renewable energy sources

In the last years Cerrejón has accomplished several initiatives to improve the efficiency of the use of energy in its operations. Some of the most important are:

- Conversion of the small fuel equipments to natural gas combustion.

EN17

- Change of water plant In Puerto Bolivar.
- Massive change of lamps: 1.2 GWH/year.
- Circuit zone definition in offices.
- Illumination control in the industrial zone.
- Implementation of suggestions to increase the efficiency of the compressed air system in the Mine.
- Natural gas used for industrial cooking.
- For air conditioners: technological upgrade to most efficient equipments. Temperature adjustments, shortage of hours of use, adjust to balance the need/capacity relation.

In the same way, Cerrejón has started pre-feasibility studies for several initiatives concerning the use of renewable power resources in its mining operations. Some of the most important are:

- UPME Pact – Cerrejón for the Rational Use of Energy (RUE): the pact is developing according to the proposed plan.
- Pre-feasibility analysis to generate own energy by the use of natural gas: it is in evaluation stage together with other projects for the final decision.
- Pre-feasibility analysis to generate own energy by the use of wind power. It is in pre-feasibility evaluation stage together with ISAGEN
- Pre-feasibility analysis to use natural gas as fuel in the mining equipment.

EN1

Main Supplies

Supplies	Units	2005
Tyres	Pc	5625
Lubricants	Gls	1,787,652
Refrigerant-Exro	Kgs	38,920
Imported Diesel	Gls	61,267,690
National Diesel	Gls	493,262
Fuel	Gls	666,038
Natural Gas	m3	880,800
RT 9 (surfactant for particle control)	Liters	61.760

EN1

Sales of oil used in 2005

ORCO (Cartagena):	451.000 gallons
Antioquia's derivatives	90.000 gallons
Total sales in 2005	541.000 gallons

EN13

Goal: Recovery of used oils: 25%

Direct use of energy by primary sources

Energy use (Mine and Port)	198,476,494 KWH
Fuel use (Diesel + Fuel)	67,905,681 gallons (Mina + Puerto)
Natural gas use	880,800 m3

Natural gas is used for cooking, laundry, explosives plant, and small vehicles

Energy use by areas

EN4

	CC	EQUIPMENT	Read. Jan 25-05	Read. Feb 22-05	Read. Mar 28-05	Read. Apr 26-05	Read. May 26-05	Read. Jun 27-05	Read. Jul 26-05	LECT Aug 24-05
USER										
PRODUCTION - MINE KWH - Electric excavators	XPMOPPHX511		5,302,967	5,995,143	7,363,929	5,078,995	6,417,663	7,909,549	7,147,124	7,664,292
FEEDER No. 1 - CAMP - KWH	XCMRH22X511	8500000	1,248,632	1,272,677	1,793,898	1,346,360	1,764,461	1,785,484	1,493,137	1,619,698
FEEDER No. 2 - CAMP - KWH	XCMRH22X511	8501005	200,221	205,373	268,135	199,825	266,910	258,215	231,015	242,525
WATER PLANT - MINE - KWH	XCMMAPIX511	5900000	63,000	62,142	75,750	57,821	81,802	78,726	58,968	59,058
WASHING PLANT - MINE -KWH Line 1	XCMOPPW511	2040000	326,200	341,101	473,338	426,253	380,718	424,189	309,125	377,506
NEW GRIND. PLANT - MINE - KWH Plant 2 Line 1	XCMOPPS511	3000000	178,391	381,542	479,078	256,878	489,398	500,060	389,967	406,536
COAL PLANT- MINE - KWH Plant 1 Line 2	XCMOPPTX511	2000000	609,955	789,344	951,101	676,861	919,027	868,805	810,580	812,248
Coal Laboratory	XCMTENKM511	4700000	25,927	25,033	30,398	25,927	26,822	57,219	54,528	54,392
Oil and lubricants laboratory	XCMTE38X511	4700000	25,927	25,033	30,398	25,927	26,822	53,643	26,714	26,647
Flygt 2201 Pump East pool	XPMOPBOX511	5000000				12,702	13,140	26,280	21,956	21,902
Coal piles lighting	XPMOPEMX511	6900000	25,927	25,033	30,398	10,440	10,800	23,040	21,956	21,902
EMULSION PLANT	XPMOPBPX511	8210000	44,747	45,608	59,929	53,151	49,835	56,010	48,720	48,803
ADMIN. I - MANAGM. SUPPORT TECHNICAL SERVICES	XCMTE11V511	8100224	164,660	161,447	208,227	156,192	205,060	206,602	188,338	190,184
ADMIN II - General Services Human Resources	XCMS523X511	8100208	149,608	141,939	178,923	172,620	172,696	181,461	172,805	169,940
CELLARS - STORAGE AND SUPPLIES CONTROL	XCMMT52X511	8100110	200,221	205,373	268,135	199,825	266,910	258,215	231,015	242,525
EARLY START - CIS PRODUCTION	XPMOP11X511	8100112	90,376	92,413	114,836	99,876	96,444	112,482	102,260	106,952
RAILWAY	XCRMFLX511	8100201	65,946	65,297	83,546	58,751	79,507	75,369	69,636	73,132
MISCELLANEOUS - MINE	XCMMA91G511	8100000	1,171,540	1,186,634	1,518,401	1,027,935	1,032,624	1,541,620	1,229,701	1,331,456
TOTAL MINE			9,894,247	11,021,135	13,928,420	9,886,339	12,300,639	14,416,969	12,607,544	13,469,697
WATER PLANT - PORT	XCPPOPAP511	5400000	188,722	183,881	230,440	221,640	211,390	208,950	197,670	202,870
CAMP - PORT	XCPMCC96X511	8600000	395,716	400,950	468,690	499,800	457,030	501,470	445,410	448,800
COAL MANAGEMENT - PORT	XCPPOPZ511	MANCARB	2,404,422	2,410,259	3,117,400	2,675,160	2,626,610	2,911,540	2,607,710	2,637,320
TOTAL PORT			2,988,860	2,995,090	3,816,530	3,396,600	3,295,030	3,621,960	3,250,790	3,288,990
KWH CERREJON - CAUSED IN MIMS (Reader figures)			12,883,107	14,016,225	17,744,950	13,282,939	15,595,669	18,038,929	15,858,334	16,758,687
TOTAL KWH - ENERGY PROVIDER BILL			14,149,026	13,974,420	16,072,345	15,700,292	16,308,447	16,838,915	17,193,043	17,676,721

Cerrejon's energy provider is Corelca.

EN11

Treatment and waste methods

ORIGIN	DESTINY	AMOUNT (KG)
Ordinary waste	Sanitary backfill	3.183.500
Special waste (Sanitary and fat and hydrocarbon contaminated waste)	Incinerating oven	269.132
Recyclable materials (plastic, cardboard, wood, metallic waste, white paper, newspaper, pneumatics from heavy and small vehicles)	Recovery and separation depending on the material	860.000

Solid materials recycling goal: 25% (Source: Accomplishment Plan 2006)

Daily waste by process

Date	Recolection (kg/d)	Special (kg/d)	Recycling (kg/d)	Incinerated (Kg/d)	Separation (kg/d)	Generation (kg/d)	Specials (%)	Incinerated	Recycling (%)	Total Separated (%)	Goal (20%)
Jan 05	10,000	850	1,254	0	2,104	12,104	7.0%	0%	10.4%	17%	20%
Feb 05	10,000	880	3,024	0	3,904	13,904	6.3%	0%	21.7%	28%	20%
Mar 05	10,000	808	1,965	0	2,773	12,773	6.3%	0%	15.4%	22%	20%
Apr 05	8,883	663	3,733	0	4,396	13,280	5.0%	0%	28.1%	33%	20%
May 05	8,726	746	2,861	0	3,607	12,333	6.0%	0%	23.2%	29%	20%
Jun 05	9,933	665	2,888	0	3,553	13,486	4.9%	0%	21.4%	26%	20%
Jul 05	8,806	578	1,921	132	2,500	11,306	3.9%	1.2%	17.0%	22%	20%
Aug 05	8,613	598	2,309	0	2,907	11,520	5.2%	0.0%	20.0%	25%	20%
Sep 05	9,067	791	1,851	450	2,642	11,709	2.9%	3.8%	15.8%	23%	20%
Oct 05	8,661	723	2,876	436	3,599	12,260	2.3%	3.6%	23.5%	29%	20%
Nov 05	8,483	748	2,053	554	2,801	11,284	1.7%	4.9%	18.2%	25%	20%
Dec 05	8,097	805	1,648	418	2,453	10,550	3.7%	4.0%	15.6%	23%	20%
Total Accumulated 2005	9,106	738	2,365	166	3,103	12,209	4.7%	1.4%	19.4%	25.4%	20%

EN8

In the year 2005, Cerrejón produced 725.732 tons of CO₂, from the use of diesel and oil fuel, and electric energy.

Fauna

Protection forests have been established, as well as zones prohibited to human exploitation where hunting and deforestation is forbidden. They serve as preservation zones for alligators, deer, iguanas, green tortoises, cardinals, peccaries, and oncillas. Hollows on rocks have been constructed to increase the population of small fauna in the rehabilitated lands

EN27
MM3

To verify the effectiveness of the control measures, regular hydro-biological and wild fauna monitoring is made to determine the status of the ecosystems and their inhabitants. They also seek to establish the way they are affected by the mining process. The results show that until now there is no evidence of any relevant damage caused on the local fauna by the activities of Cerrejón. Continuous monitoring is practiced to prevent any changes that would alter the normal development of the fauna. The environmental action includes an education program focused on the employees, contractors, and neighbour communities.

EN25
EN26

The environmental control programs fulfil completely its purpose: the potentially adverse side effects of the open-field mining activity have been minimized. The handling, transport and shipping of coal are managed in a responsible way which is harmonic with the nature and according to the legal norms.

EN7

The rescue of fauna is a program that proves this commitment, since it comprises a series of procedures and activities guided to rescuing the fauna before the mining process takes place, in a way that the species are relocated in virgin similar environments to ensure the species future reproduction.

Changes in the natural habitats

The main ecosystems in the area were riverine forests, xerofitic and subxerofitic bushes with dry tropical forest zones, as well as human-modified zones for agriculture and cattle.

Nowadays most part of the landscape is affected by the mining process, it is accompanied by riverine forests in the creeks and the Rancheria River, reaching 82 ft height, and covering about 60% of the vegetal canopy of adult native species.

When the humidity factor decreases, a succession of species are found, especially native species and gramineae growing after the usage by the people for cattle, agriculture and recollection, which increases the levels of erosion and desertification.

EN7



Endangered Species

EN28

The presence of 47 bird species (25.7% of the total living in the zone) considered as having some kind of danger in the Valley of Cerrejón made it compulsory to preserve the flora and fauna by a rational exploitation of the resources, and a sustainable management of the birds population. There are also 28 mammal and 11 reptile endangered species.

Nowadays we work hardly on the education for the preservation of the fauna, especially of the endangered species since cultural perceptions influence against their sustainability.





RELATIONSHIP WITH THE COMMUNITY





SO1
EC10

■ **RELATIONSHIP WITH THE COMMUNITY**

Our commitment with the community goes beyond our responsibility as job provider of jobs in La Guajira and in Colombia. We are conscious of the impact that our decisions and our action can have on the community surrounding us.

Cerrejón has been very committed, from the beginning of his operations, with the developing of the zone and its population. The compromise has been possible thanks to clear policies with the communities that allow us to join efforts in a common direction: the mining of the natural resources in harmony with the social development of the Guajiran community.

Following this premise, Cerrejón is working on several Social Work programs aimed at helping La Guajira's population on several areas as: Education, Health, Culture, Sports, Productive Projects, Environment, Improvement of Buildings, Basic Hygiene, Training, and Job opportunities.

Along its history, Cerrejón has kept an open communication with representatives of the neighbouring communities through PR, interviews, special events, and social programs organized in the different towns near the railway. This contact has allowed the Company to build and maintain a trustable good name towards them. To solve formally all inquiries, expectations, and suggestions from the communities in the influence zone, Cerrejón has established five Social Convivance Offices in the towns of Riohacha and Barrancas, as well as in La Mina, Puerto Bolívar and Granja Paici.

HR13

■ **Cerrejón Foundation**

In September 2004 the executive board defined the fusion of Fundación Cerrejón (based in Riohacha) and Fundación Nuestra Señora del Pilar (based in Barrancas) using only one corporative name: Fundación Cerrejón (Cerrejón Foundation). In this way, all the investment of both entities, under one administration and one corporative face will be identified under the name Cerrejón, to keep working on the programs benefiting the people in La Guajira.

It is important to highlight that these figures are the real total investing on social projects in the year 2005, according to Comptroller, and includes spending on: PAICI, Health, Education,

Inversión Social 2005	
División Comunidades	USD\$ 2.095,000
Fundación Nuestra Señora del Pilar	USD\$ 1.618.000

Donations, etc. It does not include direct investment from Cerrejón in micro-credits and other exclusive activities of the Foundation, since until the last year the commitment with Social Investment CAPEX was under the control of Fundación FSNP. (INGEOMINAS).

For over 20 years, Cerrejón Foundation has been working on the creation and developing of micro-enterprises in the zone, as well as the consolidation of solidarity groups.

The positive balance of Cerrejón Foundation proves the importance our mining activity has for La Guajira. Our objective in the social field is to help improving the life style of the Guajiran population.

PAICI (Integral Help to the Indigenous Communities Plan)

La Guajira, in all its extension, presents a complex variety of conditions ranging from great semi-desert plains in the north, up to beautiful fertile lands in the south. in this

Programs developed by the Cerrejón Foundation

PROGRAMME	Contributions	Contributions	Beneficiary People
(Figures in M \$)	AÑO 2004	AÑO 2005	AÑO 2005
Total work generation program	332	554	35.394
Education Total Education	1.251	2.380	29.486
Health Total Health	547	143	207.189
Infrastructure and basic sanity Other help Total other help	1.104	88	5180
Total	3.234	3.167	277.249

HR12

region of contrasts, there are communities that have had a historical lack of water, which brings difficulties to the lives of the people.

The PAICI was created in the year 1982 to improve the life conditions of the Wayuu population, and has established itself as a model plan in this region. The Plan helps the social progress processes of the indigenous communities near the railway from the Mine to Puerto Bolivar, in the Colombian Guajira.

From its beginnings, the Plan has invested \$4.664 millions, developing programs as ethno education, communal homes, water resources, crafts production, improvement of agriculture, and the Experimental Pilot Farm that improves the goat breed.

Indigenous Communities Integral Support plan	2004	2005
New supported indigenous communities	76	67
Railway Communal Homes administration	37	37
Children in the Communal Homes	444	444
Indigenous Beneficiaries from the Ayatajirawa plan	669	938
Children and Mothers beneficiary of the nutritional suplement (Bienestarina)	4.796	5010
Non-schooled children and youngsters beneficiary of breakfasts	1.530	0
Indigenous beneficiaries of water solutions	4.559	3694
Indigenous communities benefited with mills, pools, sinks, and new pozos, water solutions.	22	14
Beneficiary solutions with caprine funds	114	224
Caprines given in the caprine-loan program	1.255	580
Indigenous people trained in caprine breeding	120	914
Indigenous people trained in agriculture	180	914
Communal farms assisted technically	37	15
Indigenous people trained in communal organization	244	1866
Indigenous people trained in health and basic sanitary	3.163	11363
TOTAL assisted communities	151	218
TOTAL indigenous people assisted	30.000	35010

PROGRAMME (Figures in \$ Millones)	COST 2004	COST 2005
Investment in the Water solutions programme	150	91.2
Valor caprinos entregados	108.2	53.4
Total investment PAICI (Cerrejón's contribution)	600	755
Total Cerrejón`s contributions to ICBF Treaties	250	0

Kamushiwu'ó Ethnoeducative Rural Centre (case study)

The Project to Strengthen the Bilingual Intercultural Program follows an education plan agreed with the community, and it allows the student to have several alternatives through investigation and vocational activities, as well as the constant integration of practice and theory, recovering the real value of the original community knowledge.

The Kamushiwu'ó Ethno educative Rural Centre was conceived as an "Experimental Pilot Centre" where the pedagogical strategies for the Intercultural Bilingual Program were born and spread to the whole Guajira department. Enhancing this basic plan, the Pilot Centre will follow with the spirit to pioneering the search of pedagogical innovations that can help the schools in the municipality of Uribia and the rest of the region.

The project has allowed the preservation of the Wayuu indigenous culture, keeping intact its myths, legends, experiences and cosmovision transmitted orally from generation to generation. Besides the oral tradition, nowadays the process of transmitting the knowledge is also made through the writing of them, assuring the preservation of a tangible legacy that surpasses the time.

Kamusuchiwo'u is the first of the Rural Ethno educative Centres that started its process with grade 6, and continues the education to higher grades, implementing one grade each year until completing the whole high school grades to assure the satisfaction of the educative needs of the region.

The Kamushiwu'ó Ethno educative Rural Centre is the only educational institution built using the traditional indigenous Wayuu architecture. Native materials from the zone were used, and native members from the Media Luna community helped both manually and technically with the construction.



Sport for the youth

The “Young talents” departmental soccer tournament is held every year from 2000 with the presence of more than 1.200 children and teenagers from all la Guajira. They show all their talent in the pony, child, and pre-juvenile categories. The tournament is sponsored by Cerrejón with help from the Employees Fund (FONDECOR) and Copetran, this last company provides transportation to the participants.

In 2005 the tournament was held for the sixth time, allowing the kids from La Guajira to develop their sports talent.

Medical assistance to communities under the influence zone

Cerrejón practices an Action Plan in health to educate and prevent health issues in the communities surrounding the mining complex. This program looks to favour the underprivileged people, focusing mainly on the indigenous population. Through Health Brigades and Medical Assistance programs, communities get medical attention, dentist and ophthalmologic services, vaccines, and in some cases laboratory exams. They also get medications when their treatment requires them. Additionally, the pregnant women, young women, children and elderly adults receive Bienestarina (a nutritional complement). This is a balanced and nutritive vegetal flourlike mixture with milk and enriched with vitamins and minerals. This nutritional complement provides proteins and a proper balance of essential aminoacids.

Professionals and institutions from Barrancas, Hatonuevo, Albania, Maicao and Uribia join the medical missions. More than 10.000 people from the influence zone receive the benefits, and more than 1.000 oral hygiene kits were distributed.

HIV-AIDS Integral Prevention Program

Cerrejón, through Cerrejón Foundation, reactivated an integral plan aimed at improving and enhancing the information of the Guajira inhabitants about HIV-AIDS, as well as improving the facilities for the treatment of people living with AIDS. Its main concern is the pregnant women. This program has become one of our lead programs and it is growing constantly.

It covers 15 towns, and invested more than \$150 millions in the year 2005. It has worked together with the Departmental Health Secretary, local hospitals and municipal health secretaries to change and improve the information and coverage of the plans.

For the second phase of the AIDS program, an alliance with the Francois Xavier Bagnoud Foundation was established. It seeks to spread information to the inhabitants of the region, and to create consciousness in the pregnant women to practice HIV-AIDS tests, and to explain the precautions when having sexual relations. The goal is to expand the information to more than 23.000 people.

“Cerrejon Excellence Scholarships”

Cerrejón supports for the second consecutive year the ten high school students who rank best in the State Examinations (ICFES) to promote the students performance in La Guajira. This ten students will receive from Cerrejón economic support for university matriculation, transport and personal expenditures when studying outside their zone of residence.

The requirements to apply to this scholarship are: rank among the top scores of the State Examinations, being born in La Guajira, and being a graduate from a school in this department. 30% of the eligible must be part of the Wayuu community.

The second group of students awarded with the Cerrejon Excellence Scholarship is formed by students from all the department: Ana Lucía Ballesteros, from Gimnasio Cerromar in Riohacha; Enira María Mejía from Colegio Colombo Árabe in Maicao; Luis Moreno Molina from Instituto Cristo Rey in Fonseca; Juan Mario Marengo from Colegio Francisco Palau y Quer in San Juan del Cesar; Moisés Molina from Colegio La Sagrada Familia in Villanueva; Yaritza Cantillo from Colegio Albania in the Municipality of Albania; Shirley Iguarán from Colegio Colombo Árabe in Maicao, part of the Wayuu community; Arlys Romero from Instituto La Sagrada Familia in Riohacha, part of the Epinayú clan; Cindy González from

LA8



Instituto Pedagógico in Maicao, part of the Pushaina group; and Elvia Lorena Lugo from Gimnasio Cerromar in Riohacha.

Carrejon wants to promote the quality of the education in La Guajira, and hopes the students return to their homes once their education is completed to share their knowledge with their communities and the department.

Cerrejón Rotary Club

The Cerrejón Rotary Club has developed several activities in the neighbouring communities to improve the life conditions of the needed. This activities count with the help of the Communitarian Development Groups, which have constituted themselves as the arms of the club and are integrated by members of the same communities.

Due to Carrejon's support, the Rotary Club has developed activities to improve the life quality of the people in 13 years of existence, investing more than \$600 million, with an investment of \$100 million in 2005 alone. These resources come from the recycling program in the complex facilities, a program authorized by Cerrejón in a treaty from 1998. Some of the remarkable programs developed by the club are:

Fireflies: educative program for the alphabetization and post-alphabetization of adults. This program is developed in the neighbouring towns of Albania, Cuestecitas and Albania. Its beneficiaries are people from low economic income, workers, home workers, and some unemployed people. They receive free alphabetization, and if they already know how to read and write they are encouraged to finish the primary school and continue high school education. Until now, more than 600 people have benefited from this programme, 120 have been alphabetized, and 100 people have finished their primary school studies and 25 of them have continued with the high school studies.

Golden age: elderly adults support program. This program includes integral attention to the elderly adult and offers recreation, education, health orientation, and nutritional support to 85 people. The Club develops alphabetization journeys, recreation activities, and gives medical and food assistance.

Future aces: leader formation. Outstanding students support program. Created for outstanding students in the academic field and their interest in community service, to develop in them a leadership and personal growing spirit. It is developed through leadership activities, workshops on health and use of free time, training on systems and English with the support of the Albania School in Mushaisa, opportunities as packers in the CARULLA supermarkets. This program helped 120 students from grades 4th to 11th.

Sport formation school. Established to offer the students an alternative in their free time to avoid drug use or prostitution. During the year 2005 some 130 people received support on different sport activities, and were also educated on principles, values, and citizenship. The program has encouraged their participation in juvenile soccer and basketball tournaments where important achievements were made.

Scholarships: high school students support. This is undoubtedly the most ambitious program of the club. Its objective is to support the students who have a good academic record, excellent behaviour, and service vocation, to help them study in the universities of the country. The Club has supported 15 students with an annual investment of \$30.000.000.

Recycling in the communities: environmental improvement programme for the exploitation of solid reusable waste. Worried for the contamination of the streets of the town of Albania, Cuestecita and Hatonuevo, the members of the Club and their Development Groups started this recycling program, gathering newspapers, paper, glass, plastic containers, and tin cans, recovering a total of 2 tons of recyclable material.

Lights: Sunday radio broadcast. This is the open window of the Club and its groups. It is used to inform the plans, achievements, tasks, and outcomes of the programs. In the year 2005 48 programs were aired completing three years of broadcasts. It is aired Sundays from 9:00 am to 10:00 am by Albania Stereo communal radio station.

Pre-Icfe: program for the preparation to the State Examinations. It had the direct support of Cerrejón and the teachers of Albania School. It was developed by a nationally acknowledged organization and it had a duration of 4 months with 4 hour-sessions every Saturday. 180 students from grade 11th were prepared in Albania and Hatonuevo schools.

Infrastructure: support to communal benefit works. Together with Cerrejón Foundation the aqueduct of the Lomamoto indigenous reserve was built. It benefits more than 600 Wayuu families. Rural schools from Albania, Hatonuevo, Mongui and La Arena received dowry and had their structures refurbished.

■ **San Francisco indigenous reserve (case study)**

San Francisco indigenous belongs to the municipality of Barrancas, south Guajira. Its population is 222 inhabitants and is part of the Wayuu Ethnic group. 31 houses and 42 families form the reservation nowadays.

Carrejón closed a social debit side by constructing social capital. This was achieved by dialogues with the Reservation, negotiating the transit right of the company through their lands. This conciliation was the result of a common consensus after the dialogues. The ways were signalled, preventive banisters were built, and the lands and ways were legalized by public deeds and the payment of the respective fees.

During the second semester of 2005 the BHP Billiton organized participation sections among its filial companies. This allowed it to know and evaluate the effectiveness of the programs and social investment projects. Carbones del Cerrejón CLL was among the top ten companies chosen to develop a pilot exercise. The social capital process in the indigenous reservation was a case study for this evaluation, and it became clear that this project was very important for the company since it was the space where the indigenous community expressed his satisfaction about the actions of the Company, and it placed Carrejón as a Company committed to the social development of the community.

Furthermore, the social programs with indigenous communities, especially the San Francisco case was acknowledged by the shareholders board in the late 2005.

Control and Evaluation of Profits committee (case study)

Carrejón generates great benefits that are an important income for La Guajira. To ensure that these profits are handled transparently, a Control and Evaluation of Profits committee was created.

The basic functions the committee has are directly related to the surveillance of the benefits from Carrejón:

- To visit and inspect works developed with the resources from the profits.
- To present recommendations to the public comptrollers and the control organisms about risks in the management of the profits.
- To present studies about projection and define the policies for the profits' investment, and propose practical mechanisms to achieve transparency in the use of the resources.

The objective of the committee is to ensure the resources from the coal benefits that enter the department are invested on social development and properly contribute to the welfare of the community in La Guajira.

The Committee is formed by representatives from the government of la Guajira, Corpoguajira, the municipalities that directly receive profits from the coal production, city and Cerrejón auditors.

Rights to lands and relevant disputes with the communities

Cerrejón develops the process of acquiring lands in two different fronts, both requiring voluntary displacement in most of the cases: lands in rural zones, and zones of human settlements of less than 300 inhabitants, usually surrounded by lands acquired by the Company.

The careful design and revision of the mining plans define the areas to be affected by the mining process directly or indirectly in the medium and long time. This leads to the requirement of lands and settlements. In this phase we try our best to minimize the zones to be affected, and lessen the socioeconomic impact generated by the acquisition process, and the investment of the Company in such process.

Once the needs of the lands have been determined, two acquisition methods are taken, according the nature of the zone (whether it is a rural zone or a settlement).

The procedures contemplates the definition of limits, compensation values for the proprietors or holders, based on the historical ownership, kind of lands, commercial value, improvements, agricultural usability, among other aspects.

Working hand in hand with the community

In the year 2005, Cerrejon's Section for Communities and Lands, following the directives of "working together with the communities and the State institutions in projects for the improvement of the life quality of the people, framed within a sustainable development", and fulfilling the Policy of Security, Health, Environment and Communities, started a new process of social participation with the neighbour communities to promote the ethnic development, strengthening the self-action, and supporting their own ways of productions respecting their values and traditional cultural values.

To know the reality of our indigenous communities, and think about it, is a previous step towards the planning of actions. But it is even more important to have the communities to

■ MM7
■ MM9
■ MM11

participate in this process, improving their own capacity of starting solutions to transform the problematic situations that undermine their productive basis and affect their life conditions.

Following this “knowing for acting” basis, the process of social action with the indigenous neighbouring communities takes a model of action made up of four phases:

1st Phase: Construction of social capital: this first phase is characterized by a process of mutual knowledge through transparent and effective communication, framed by respectful attitude and the common agreement to inclusive pacts. It also comprises the establishment and growth of solidarity and trust relationships.

2nd Phase: Participative diagnosis: The main objective of this phase is the identification in context of the real actual situation of the neighbouring indigenous communities. This diagnosis is characterized by being participative, integral, educative, and dynamic. It was developed through the joint use of a survey designed with the community and the implementation of a social action workshop, a space of communal participation and exchange where the real needs of the community are defined and solutions are considered, defining roles and responsibilities to each key actor within the process.

3rd Phase: Design of a local development plan: together with the indigenous communities, an integral life plan is structured according to the tradition, customs, and usages of the community, to help the execution of sustainable projects in union with the State and other actors (associations and NGOs, etc.).

4th Phase: Implementation, control and evaluation: this social action runs together with a control and evaluation process executed by visits to the community, social action workshops and specific actions helping the mutual knowledge between Cerrejón and the neighbouring communities.

Due to the model of social action intervention, Cerrejón has consolidated relationships with communities. The permanent presence of the social action team, the agreement of common rules for the team work, and the respect for the traditions and background, as well as the proper communication have helped Cerrejón to become an effective partner for the social change of the indigenous communities of the zone.

On the basis of an integrated social action process, and through the development of a socioeconomic and cultural diagnosis executed by agreed and participative means in the San Francisco, Trupio Gacho and Provincial reservations, along with the Major of Barrancas, Corpogujira and the Three reservations, an agreement was made in 2005 to define one

of the most important needs of the community: the co-funding of the aqueduct system with an investment of \$ 535.000.000.

The need to strengthen the communal organization in the three reservations was found from the analysis of the socioeconomic and cultural results. This was started by the identification and legitimation of the true traditional authorities according with the cultural codes of the Wayuu community, who are now clearly identified.

One of the difficulties found in 2005 during the social action process was to create awareness in the indigenous communities towards the new vision the Company has facing the communities. The actions from the social process brought changes and tensions, not only in the relation of the Company with the communities, but also within the communities empowering the self-action social procedures.

Institutional development

Given the magnitude of the operative process, Cerrejón makes great fiscal contributions that become the most important in the Guajira industry. These contributions have strengthened the development of entities as Instituto de Seguros Sociales (ISS), Comfamiliar, and Instituto Colombiano de Bienestar Familiar.

During the year 2005 this figures increased taking into account the increasing of the number of employees, and the increasing in the wages. However, a reduction of the contributions to the ISS was felt (due to the voluntary decision of some employees to belong to other EPS).

The contributions to the ISS decreased compared to the year 2004 due to the decision of some employees to.



CONTRIBUTIONS TO INSTITUTIONS (MUS\$)		
Institution	2004	2005
COMFAMILIAR	2	3
ICBF	2	2
SENA	1	1
ISS	4	2
OTRAS EPS	4	6





CUMPLIMIENTO ESTÁNDARES

INDICE GRI

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
1,1	Sustainable Development: vision and strategy	Statement of the organisation's vision and strategy regarding its contribution to sustainable development.	21	
1,2	Statement from the CEO	Declaración del presidente que describe los elementos principales del reporte de sustentabilidad.	8	
2,1	Organisational Profile	Name of reporting organisation.	2	
2,2	Organisational Profile	Major products and/or services.	13	
2,3	Organisational Profile	Operational structure of the organisation.	13	
2,4	Organisational Profile	Description of major divisions, operating companies, subsidiaries, and joint ventures.	13	
2,5	Organisational Profile	Countries in which the organisation's operations are located.	13	
2,6	Organisational Profile	Nature of ownership; legal form.	13	
2,7	Organisational Profile	Nature of markets served.	93	
2,8	Organisational Profile	Scale of the reporting organisation:	15	
2,9	Organisational Profile	List of stakeholders, key attributes of each, and relationship to the reporting organisation.	96	
2,10	Report Scope	Contact person(s) for the report, including e-mail and web addresses.	Contra carátula, 2	
2,11	Report Scope	Reporting period (e.g., fiscal/calendar year) for information provided.	2	
2,12	Report Scope	Date of most recent previous report (if any).	N/A	This is the first report
2,13	Report Scope	Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope.	2	
2,14	Report Scope	Significant changes in size, structure, ownership, or products/services that have occurred since the previous report.	N/A	This is the first report
2,15	Report Scope	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations.	2	
2,16	Report Scope	Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	N/A	This is the first report
2,17	Report Profile	Decisions not to apply GRI principles or protocols in the preparation of the report.	2	Ok
2,18	Report Profile	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.	N/A	This is the first report
2,19	Report Profile	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.	N/A	This is the first report

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
2,20	Report Profile	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	2	
2,21	Report Profile	Policy and current practice with regard to providing independent assurance for the full report.	N/A	This is the first report
2,22	Report Profile	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).	2	
3,1	Structure and Governance	Governance structure of the organisation.	25	
3,2	Structure and Governance	Percentage of the board of directors that are independent, non-executive directors.	N/A	Unavailable information
3,3	Structure and Governance	Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.	N/A	Unavailable information
3,4	Structure and Governance	Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.	25	
3,5	Structure and Governance	Linkage between executive compensation and achievement of the organisation's financial and non-financial goals.	27	
3,6	Structure and Governance	Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	27	
3,7	Structure and Governance	Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.	21, 31	
3,8	Structure and Governance	Mechanisms for shareholders to provide recommendations or direction to the board of directors.	25	
3,9	Stakeholder Engagement	Basis for identification and selection of major stakeholders.	96	
3,10	Stakeholder Engagement	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	96	
3,11	Stakeholder Engagement	Type of information generated by stakeholder consultations.	96	
3,12	Stakeholder Engagement	Use of information resulting from stakeholder engagements.	96	

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
3,13	Overarching Policies and Management Systems	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	36	
3,14	Overarching Policies and Management Systems	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.	97	
3,15	Overarching Policies and Management Systems	Principal memberships in industry and business associations, and/or national/international advocacy organisations.	97	
3,16	Overarching Policies and Management Systems	Policies and/or systems for managing upstream and downstream impacts.	31	
3,17	Overarching Policies and Management Systems	Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.	85	
3,18	Overarching Policies and Management Systems	Major decisions during the reporting period regarding the location of, or changes in, operations.	43	
3,19	Overarching Policies and Management Systems	Programmes and procedures pertaining to economic, environmental, and social performance.	41, 111, 119 67	
3,20	Overarching Policies and Management Systems	Status of certification pertaining to economic, environmental, and social management systems.	2,45,63	
EC1	Sales	Net sales.	63	
EC2	Sales	Geographic breakdown of markets.	93	
EC3	Costs	Cost of all goods, materials, and services purchased.	64	
EC4	Suppliers	Percentage of contracts that were paid in accordance with agreed terms.	101	
EC5	Employees	Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region.	109	
EC6	Providers of Capital	Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed.	N/A	

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
EC7	Providers of Capital	Increase/decrease in retained earnings at end of period.	89	
EC8	Public Sector	Total sum of taxes of all types paid broken down by country.	89	
EC9	Public Sector	Subsidies received broken down by country or region.	88	
EC10	Public Sector	Donations to community.	133	
EC11	Suppliers	Supplier breakdown by organisation and country.	101	
EC12	Public Sector	Total spent on non-core business infrastructure development.	136, 134	
EC13	Indirect Economic Impacts	The organisation's indirect economic impacts.	71	
EN1	Materials	Total materials use other than water, by type.	126	
EN2	Materials	Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation.	N/A	Cerrejon does not use that kind of material
EN3	Energy	Direct energy use segmented by primary source.	126	
EN4	Energy	Indirect energy use. Report on all energy used to produce and deliver energy products purchased by the reporting organisation (e.g., electricity or heat). Report in joules.	126	
EN5	Environment	Total water use.	120	
EN6	Environment	Location and size of land owned, leased, or managed in biodiversity-rich habitats.	123	
EN7	Environment	Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments.	124, 128	

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
EN8	Emissions, Effluents, and Waste	Greenhouse gas emissions.	127	No se emplean materiales que afecten la capa de ozono
EN9	Emissions, Effluents, and Waste	Use and emissions of ozone-depleting substances.	N/A	
EN10	Emissions, Effluents, and Waste	NOx, SOx, and other significant air emissions by type.	119	
EN11	Emissions, Effluents, and Waste	Total amount of waste by type and destination.	127	
EN12	Emissions, Effluents, and Waste	Significant discharges to water by type.	123	
EN13	Emissions, Effluents, and Waste	Significant spills of chemicals, oils, and fuels in terms of total number and total volume.	123, 126	
EN14	Products and Services	Significant environmental impacts of principal products and services.	123	
EN15	Products and Services	Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.	N/A	
EN16	Compliance	Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	123	
EN17	Energy	Initiatives to use renewable energy sources and to increase energy efficiency.	125	
EN18	Energy	Energy consumption footprint. Report in joules.	N/A	
EN19	Energy	Other indirect (upstream/downstream) energy use and implications, such as organisational travel, product lifecycle management, and use of energy-intensive materials.	N/A	

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
EN20	Water	Water sources and related ecosystems/habitats significantly affected by use of water.	120	
EN21	Water	Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources.	120	
EN22	Water	Total recycling and reuse of water.	120	
EN23	Biodiversity	Total amount of land owned, leased, or managed for production activities or extractive use.	121	
EN24	Biodiversity	Amount of impermeable surface as a percentage of land purchased or leased.	N/A	Unavailable information
EN25	Biodiversity	Impacts of activities and operations on protected and sensitive areas.	128	
EN26	Biodiversity	Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored.	128	
EN27	Biodiversity	Objectives, programmes, and targets for protecting and restoring native ecosystems and species in degraded areas.	124, 128	
EN28	Biodiversity	Number of IUCN Red List species with habitats in areas affected by operations.	129	
EN29	Biodiversity	Business units currently operating or planning operations in or around protected or sensitive areas.	N/A	
EN30	Emissions, Effluents, and Waste	Other relevant indirect greenhouse gas emissions.	N/A	
EN31	Emissions, Effluents, and Waste	All production, transport, import, or export of any waste deemed "hazardous" under the terms of the Basel Convention Annex I, II, III, and VIII.	N/A	
EN32	Emissions, Effluents, and Waste	Water sources and related ecosystems/habitats significantly affected by use of water.	120	

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
EN33	Suppliers	Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section.	99	
EN34	Transport	Significant environmental impacts of transportation used for logistical purposes.	N/A	
EN35	Community and Environment	Total environmental expenditures by type.	119	
HR1	Strategy and Management	Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.	52	
HR2	Strategy and Management	Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.	50	
HR3	Strategy and Management	Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring.	50	
HR4	Non-discrimination	Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	35	
HR5	Freedom of Association and Collective Bargaining	Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.	56	
HR6	Child Labour	Description of policy excluding child labour.	58	
HR7	Forced and Compulsory Labour	Description of policy to prevent forced and compulsory labour.	57	
HR8	Strategy and Management	Employee training on policies and practices concerning all aspects of human rights relevant to operations. Include type of training, number of employees trained, and average training duration.	50	
HR9	Disciplinary Practices	Description of appeal practices, including, but not limited to, human rights issues..	36	
HR10	Disciplinary Practices	Description of non-retaliation policy and effective, confidential employee grievance system.	53	
HR11	Security Practices	Human rights training for security personnel. Include type of training, number of persons trained, and average training duration.	50	
HR12	Indigenous Rights	Description of policies, guidelines, and procedures to address the needs of indigenous people.	32, 135	
HR13	Indigenous Rights	Description of jointly managed community grievance mechanisms/authority.	133	
HR14	Indigenous Rights	Share of operating revenues from the area of operations that are redistributed to local communities..	134	
LA1	Employment	Breakdown of workforce, where possible, by region/country, status, employment type, and by employment contract.	108	

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
LA2	Employment	Net employment creation and average turnover segmented by region/country.	108	
LA3	Labour/Management Relations	Percentage of employees represented by independent trade union organisations or other bona fide employee representatives	56, 113	
LA4	Labour/Management Relations	Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting	113	
LA5	Health and Safety	Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	105	
LA6	Health and Safety	Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	106	
LA7	Health and Safety	Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	105, 114	
LA8	Health and Safety	Description of policies or programmes (for the workplace and beyond) on HIV/AIDS.	106, 138	
LA9	Training and Education	Average hours of training per year per employee by category of employee.	110	
LA10	Diversity and Opportunity	Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	109, 59	
LA11	Diversity and Opportunity	Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.	N/A	Unavailable information
LA12	Employment	Employee benefits beyond those legally mandated.	112	
LA13	Labour/Management Relations	Provision for formal worker representation in decisionmaking or management, including corporate governance.	56	
LA14	Health and Safety	Evidence of substantial compliance with the ILO Guidelines for Occupational Health Management Systems.	106	
LA15	Health and Safety	Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.	56	
LA16	Training and Education	Description of programmes to support the continued employability of employees and to manage career endings.	110	
LA17	Training and Education	Specific policies and programmes for skills management or for lifelong learning.	109	
PR1	Customer Health and Safety	Description of policy for preserving customer health and safety during use of products and services.	32, 95	

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
PR2	Products and Services	Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling.	95	
PR3	Respect for Privacy	Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy.	N/A	
PR4	Customer Health and Safety	Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches.	N/A	
PR5	Customer Health and Safety	Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services.	N/A	
PR6	Customer Health and Safety	Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received.	N/A	
PR7	Products and Services	Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines assessed for these breaches	N/A	
PR8	Products and Services	Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction. Identify geographic areas covered by policy.	94	
PR9	Advertising	Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising.	N/A	
PR10	Advertising	Number and types of breaches of advertising and marketing regulations.	N/A	
PR11	Respect for Privacy	Number of substantiated complaints regarding breaches of consumer privacy.	N/A	
SO1	Community	Description of policies to manage impacts on communities in areas affected by activities.	133	
SO2	Bribery and Corruption	Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption.	35, 65	
SO3	Political Contributions	Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.	35	
SO4	Community	Awards received relevant to social, ethical, and environmental performance.	63	
SO5	Political Contributions	Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates.	35	
SO6	Competition and Pricing	Court decisions regarding cases pertaining to anti-trust and monopoly regulations.	N/A	
SO7	Competition and Pricing	Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour.	N/A	

INDICADORES ICMM

GRI INDICATOR	ASPECT	DESCRIPTION	PAGE	JUSTIFICATION
MM1	Suppliers	Percentage of goods, materials, and services purchased locally and internationally.	99	
MM2	Value added	Value added disaggregated to country level.	50	
MM3	Biodiversity	The number/percentage of sites identified as requiring biodiversity management plans, and the number/percentage of sites with plans in place.	128	
MM4	Materials	Percentage of products(s) derived from secondary materials.	N/A	
MM5	Materials stewardship	Describe policies for assessing the eco-efficiency and sustainability attributes of products.	N/A	
MM6	Large volume mining and mineral processing waste	Describe approach to management of overburden, rock, tailings, and sludges/residues including: assessment of risks; structural stability of storage facilities; metal leaching potential; and hazardous properties.	123	
MM7	Community	Describe significant incidents affecting communities during the reporting period, and grievance mechanisms used to resolve the incidents and their outcomes.	142	
MM8	Community	Describe programmes in which the reporting organisation has been involved that addressed artisanal and small-scale mining (ASM) within company areas of operation.	N/A	All mining activity is a large-scale and outdoors operation
MM9	Resettlement	Identify sites where resettlements took place and the degree of alignment with the World Bank Operational Directive on Involuntary Resettlement.	142	
MM10	Operations Closure	Number or percentage of operations with closure plans.	36	
MM11	Land rights	Describe process for identifying local communities' land and customary rights, including those of indigenous peoples, and grievance mechanisms used to resolve any disputes.	142	
MM12	Emergency Preparedness	Describe approach to identifying, preparing for, and responding to emergency situations affecting employees, communities, or the environment.	105	
MM13	Health & Safety	Number of new cases of occupational disease by type. Describe programmes to prevent occupational disease.	106	

