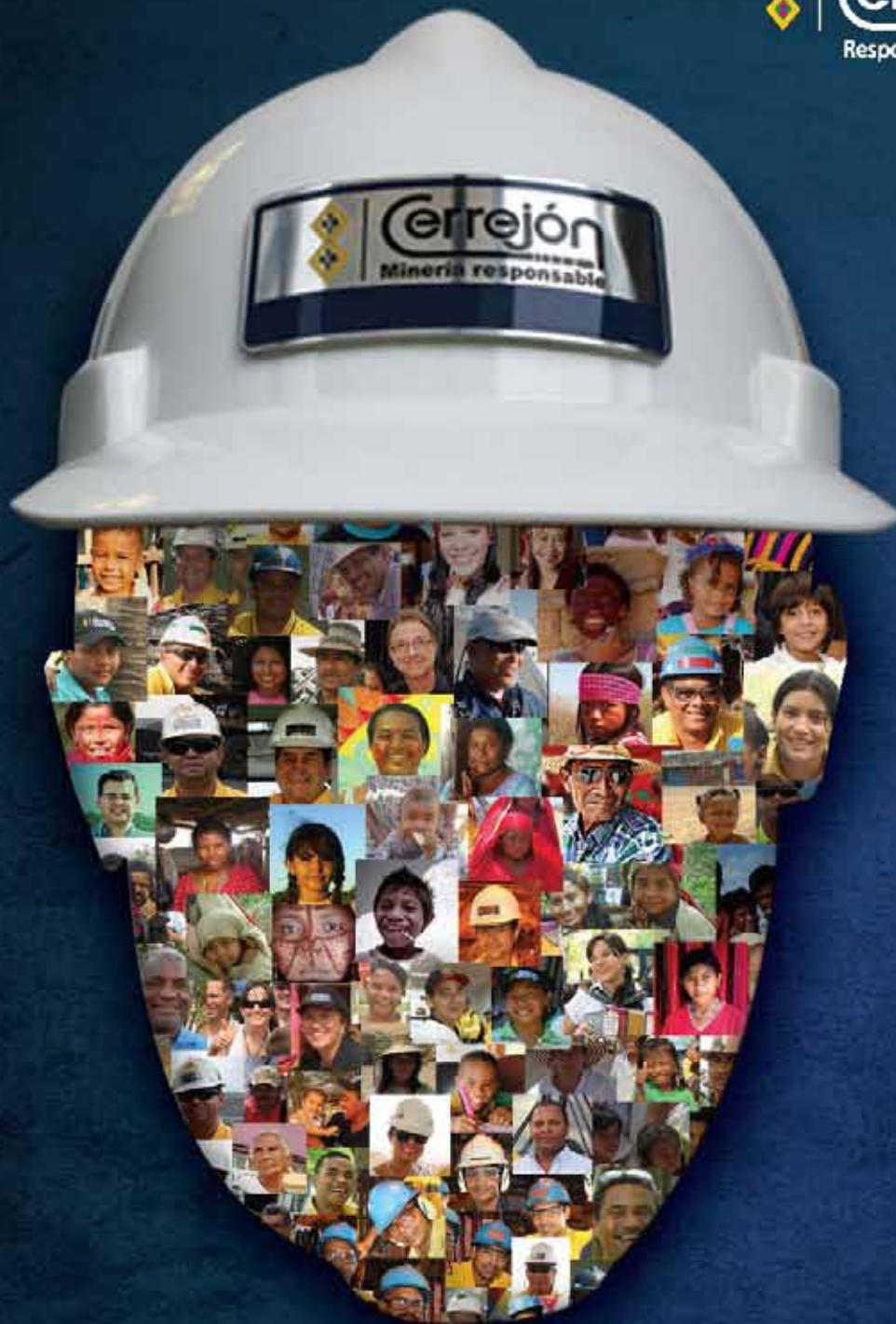


# Sustainability Report 2010



**30.2**  
MILLION  
TONNES OF  
COAL  
PRODUCED

**US\$ 2,284**  
MILLION IN  
EXPORTS

**10,000**  
PEOPLE DIRECTLY  
EMPLOYED AND  
THOUSANDS INDIRECTLY  
EMPLOYED

**US\$ 10**  
MILLION IN  
SOCIAL  
INVESTMENT

**US\$ 40.7**  
MILLION SPENT ON  
ENVIRONMENTAL  
PROGRAMS

Sustainability with fairness  
is everyone's business

# About the Sustainability Report

# 2010

Our company is committed to gaining, and maintaining, the confidence of our stakeholders. In order to achieve this, we engage in consistent, transparent, and accurate communications. In line with this objective, we present here, for the sixth year running, our Sustainability Report. This report covers the mining operation of Carbones del Cerrejón Limited and CZN S.A. (hereinafter Cerrejón) for the period from January 1 to December 31, 2010. It reports on our operations in the Mine, the railway, Puerto Bolívar, and our corporate offices in Bogotá. It also presents consolidated information on the economic, social, and environmental context for the year. The previous report covers the year 2009.

In order to compile this report, we operated within Global Reporting Initiative (GRI) guidelines, drawing from the Report on Sustainability in the 2006 G3 version, and the Supplement for the Mining and Metals Sector. The process of compiling this report began in January 2011, and involved all sectors of the company. Their insight was subsequently corroborated by their relevant sectoral managers and vice presidents. In constructing the report, we also engaged in discussions with our stakeholders, both at the Mine and in Bogotá.

According to GRI methodology, our company has achieved an A+ reporting rating, while independent verification of the report has been obtained through SGS Colombia S.A. We obtained independent verification of the report through an assurance by SGS Colombia S.A. This assurance report can be found in the “Independent Assurance” section.

In 2010, there were no significant changes with regard to our operations, the location of activities, or in equity stakes or other company structures. With respect to scope, coverage, and methods, in 2010 we made some changes in measurements, such as those for greenhouse gases (see environmental chapter); other changes are explained in the corresponding sections.

While compiling the present report, we identified some inconsistencies in the 2009 report, which we would like to clarify. In the table referring to average turnover by gender (page 85), the total departures by women outside those classified as retired was 20, and not 48, and the total number of departures was 22, and not 50, as stated. In addition, in the table showing the breakdown by origin and responsibility (page 88), the figures from La Guajira relate to the rest of the Costa Atlántica, and vice versa. This year, the percentage of workers shown in health and safety committees does not include the Committee for Safety Coordinators (page 36). In the table referring to resettlements (page 74), the line showing inhabited landholdings with dwellings, relates to public sites/buildings.

In the table showing performance and scope (page 9 in the 2010 report, page 18 in the 2009 version), we have modified the reported figures relating to total operational income, economic value reinvested, dividends to shareholders, and private royalties generated in 2008 due to revising the accuracy of these figures. Likewise, we have revised the 2009 figures for economic value generated and distributed to suppliers and contractors, to the State, and as private royalties.





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[www.fundacionescerrejon.org](http://www.fundacionescerrejon.org)

## Icons

Identify the following figures every time you find:



Quotes and testimonies



Web sites

Since 1986, Cerrejón has been loading coal for shipment at Puerto Bolívar using covered conveyor belts.

Letter from the President

# RESPONSIBLE MINING CAN BE DONE



“Integrating a mining, rail, and port operation, ensuring that each process is executed safely, cleanly, and efficiently. Wanting to is being able to, and we continue to prove it”.



## Sustainability Report

Our commitment to transparency and the continued strength of our stakeholder engagement makes us proud to present our Sustainability Report 2010. Now in its sixth consecutive year, our annual Sustainability Report outlines our operations performance, the progress we have made in social and environmental programs, our achievements, as well as lessons learnt in 2010. In addition, we look forward to the challenges we face in 2011, as we continue our aim to deliver responsible mining.

## Safety

On August 4 2010, an unprecedented event occurred in our company. During routine reconstruction work at one of the Mine's silos, four of our contracted colleagues, Jairo García, Luis Ricardo, Carlos Pérez, and Luis Restrepo, were involved in a regrettable accident and died. This tragedy, which we continue to mourn, has taught us valuable lessons about the consequences of such accidents and has clearly defined our safety objectives for 2011. It is an incident which we will never forget and we will take every precaution to ensure no such event happens again. Health and safety are the fundamental pillars of Cerrejón's operation, and therefore we strive to foster, both within and outside our operations, a secure and healthy environment that will enable us to reach our goal of eliminating all fatalities. To achieve this, and based on recommendations that emerged from the accident, we are reviewing and

updating our Risk Management System. This review includes new criteria and procedures which aim to improve the identification and management of events which impact our business. This will help us to work towards guaranteeing the health and well-being of both our workers and of neighbouring communities while simultaneously ensuring the achievement of our corporate goals.

## Operational and Market Performance

Our operation has been impacted by the extreme climatic conditions of the second half of 2010, when rainfall repeatedly led to the suspension of mining activity due to safety issues. Despite this, we delivered excellent performance with regard to exports, since we met all our planned shipments, without refusals or delays. We finished the year recording coal production totalling 30.2 million tonnes, with 31.4 million tonnes exported, representing earnings of US\$2,284 million. This positions us as the top private coal exporter in Colombia.

In 2010, for the first time in 25 years, we despatched coal to Asian markets. This achievement was a result of successful strategic planning, favourable international market pricing and maritime fleet conditions. It was a process that we learned from, and one which confirmed our capability to respond to non-traditional market demand for our coal. Should the same favourable conditions present themselves again, we are sure that we could supply the demand.



Cerrejón

Responsible Mining

## Sustainability Agenda

We have considered some of the key points on which we centre our work to ensure not only the sustainability of our business, but also the economic, social and environmental development of Colombia, and in particular of La Guajira.

**Eco-Efficiency.** At Cerrejón, we are conscious of the impact of our mining operation on the environment. Therefore, we continue to work on developing initiatives and projects that aim to diminish the use of different resources by our operation, such as water, energy, and fuel. We must ensure the success of our mining operation through focusing on the optimum eco-efficient use of supplies and resources, with the aim of resolving the overarching problem of climate change.

**Transparency.** Our goal is to maintain strong relationships based on clear, open, and coherent communication with stakeholders, within and outside our organization, and we have designed various initiatives with this in mind. The first of these is the internal channelling of complaints regarding ethical issues within Cerrejón. Through this initiative, employees have the obligation to issue a formal complaint about any non-compliance with respect to our ethics policy. We have also established a Complaints Office in order to respond to and resolve demands that may be made by workers, and the community in general, regarding our operation. The office bases its work on the principles of “Protect, Respect and Remedy” by Professor John Ruggie, the Special Representative of the Secretary General of the United Nations for Business and Human Rights. Together with Cerrejón, only four other companies in the world participated in the pilot project for this program.

**Product Responsibility.** The major environmental impact from coal use arises from its utilization in thermoelectric plants, a process that occurs at the end of the coal-mining value chain. However, we are working towards reducing the effects of this process by providing our customers with higher-quality coal, which has a higher calorific value and therefore lower ash and sulphur contents. In addition, we monitor trends in clean technologies throughout the world. Our shareholders participate in the main global initiatives for developing technologies that allow coal to be burned in cleaner and more environmentally friendly ways.

**Social Responsibility.** With US\$10 million invested during the year, around 235,000 people across 266 communities within the company’s area of influence have benefited from our program for social engagement such as those focused on health, education, recreation, culture, and sports. Further programs run through the Cerrejón Foundations System, demonstrates its relevance to, and positive impact on, La Guajira society. In 2010, we started off with the participation of various important companies in the tourism sector in the construction of the Hotel Waya Guajira. This project supports employment generation and the creation of a new economic sector, tourism, in La Guajira. We strengthened the SODIS system for disinfecting water through solar energy, which will reduce instances of diseases like diarrhoea, especially in Guajira children. We also involved 10,400 fellow indigenous people in programs on safety, health, employment, and welfare, and we implemented transparency agreements with different entities for greater and improved control of public royalty investment in the region. All these initiatives, and others that you will see in this report, form part of the main objective for the Cerrejón Foundations System: to create a real “sustainability shock” in the region.

In addition to all of the above, we achieved important progress in our engagement with the families of Roche, which we hope will advance the process of their relocation. This process, guided by directors from the World Bank and by the International Finance Corporation, was conceived as an opportunity for dialogue, consensus, and support for the families of Roche, while allowing an opportunity to substantially improve the standard of living for the entire community.

## Environmental Management.

In 2010, we invested more than US\$40 million in the implementation of initiatives and projects directed towards the prevention, mitigation, and compensation for the environmental impacts of our operation. Programs designed towards the conservation of water resources, air, biodiversity, the management of waste, land



*Campaigns as the one of hands care are initiatives that invites workers to take awarness of the security as a comun value and a compromise to everyone.*



reclamation, and environmental education were reinforced both within the company, and particularly in neighbouring communities, so that they are able to apply these measures in their own settings.

The Colombian-British Chamber of Commerce recognized our environmental management by presenting us with the Lazos Award for 2010, in the category "Best Environmental Practices". Our programs, in particular those targeting land reclamation, were highlighted, as a clear example of the possibilities for mines to operate in harmony with their surrounding environment. In 2010, we reached a total of 2,765 hectares of land undergoing reclamation, involving the conservation of around 37 million cubic metres of topsoil, which is used in converting mined areas into new ecosystems.

Last year we also continued our work with the NGO Conservation International (CI), which is widely recognized for its knowledge of, and support for, global biodiversity sustainability. Together with this NGO and with Corpoguajira, we have participated in biodiversity conservation programs in zones such as the Montes de Oca. Currently our work on this front is directed to other habitats within the department of La Guajira, such as Bahía Portete.

## Progress Report United Nations Global Compact

We ratified our voluntary commitment to the United Nations Global Compact, which dates from 2005, and with which we are promoting the ten universal principles that govern human rights, work, environmental, and anti-corruption issues. We continue to uphold these principles as our operation's banner. As part of this commitment, our annual *Sustainability Report* is developed following the guidelines laid down in the Global Reporting Initiative. This guide covers measurement, distribution, and accountability to our stakeholders in relation to the performance of the organization in meeting its sustainable development aim, and it allows us to analyse and communicate the company's economic, social, and environmental performance.

## Challenges and Goals

Our main goal for 2011 is to operate with zero fatalities. Our great challenge consists in overcoming adverse climate conditions, and to work on the basis of a flexible mining plan that allows us to meet our goals, especially in regards to commitments to our customers.

With regard to environmental management, we will continue with our programs and our development of projects that enable us to understand our energy consumption and to reduce the quantity of supplies that we use, therefore contributing to the reduction of greenhouse gas emissions (GHG).

Despite the efforts we have made, the challenge of providing full coverage and quality healthcare, education, and basic sanitation for inhabitants of the surrounding area of La Guajira remains enormous. Changing this situation is the primary challenge for La Guajira society and for its democratically elected representatives, and Cerrejón wants to play a fundamental role in achieving this aim. With our social programs we will continue searching for ways of improving the standard of living for communities in our area of influence.

Our commitment is to continue to deliver socially and environmentally responsible mining that contributes to increased income for the State while generating substantial employment opportunities for the local area. It is hoped that the significant economic benefits that accrue from our operations act as an opportunity for both La Guajira and Colombia to succeed in rapid and equitable development. It is important for us that this development encompasses as much the social as it does the economic.

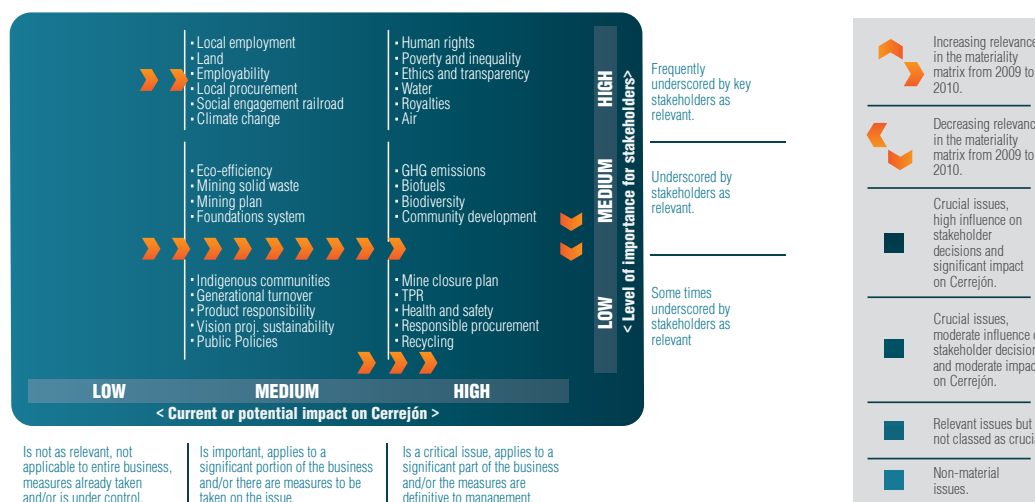


We have defined “materiality” as the combination of relevant facts about the execution of our operations both for our stakeholders and for the company itself.

Cerrejón’s materiality was established and is permanently reviewed through constant interaction with internal and external stakeholders, interviews with senior management, and the suggestions provided by the Third Party Review in 2007.

In addition, we use as a reference the Mining and Metals Supplement Sector of the Global Reporting Initiative (GRI) and relevant sustainability issues outlined by the International Council for Mining and Metals (ICMM).

For the 2011 report, we will have the opportunity to include the results of a recent study we conducted on our operation’s social impacts. This study was commissioned at the end of 2010 as part of due diligence activities in Human Rights (HR). The objective of this study, carried out by the firm Environmental Resources Management (ERM), was to analyse our operation’s social impacts and to identify possible human rights violations. This was achieved through interviews with employees, contractors, and members of the community, and through workshops with company executives.



There follows a brief description of those topics of high relevance to stakeholders and to the company.

**Human Rights.** La Guajira is a department exposed to factors such as violence and human rights violations. Consequently, since 2006 our policy and commitment, and that of our contractors, has been to respect and promote the human rights of employees and the communities surrounding us.

**Water.** La Guajira is a semi-arid region, vulnerable to climate changes, with long periods of drought and rainfall cycles concentrated into a few days of the year. This situation restricts water availability, which negatively impacts poorer inhabitants, especially in rural zones.

**Poverty and Inequality.** Our operations take place in a department in which the standards of living are very low. This means that poverty and inequality are extremely important issues for both the company and the community.

**Royalties.** Cerrejón is the largest royalty contributor within the department of La Guajira, given that from 1985 to 2010 it generated more than US\$1,600 million (US\$185 million in 2010).

**Ethics and Transparency.** We are convinced that acting ethically is a requirement for achieving success in sustainability and for the success of our company. Transparency is a requirement for all our employees and contractors, and is demanded by our stakeholders. We have to be consistent in what we say and what we do.

**Air.** Given the operation’s magnitude and the use of mining equipment, the adequate control of dust emissions is both demanded by our stakeholders and a challenge for the company.



# Our Performance in 2010

We have an evaluation mechanism for sustainability within the operation in order to generate added value and greater dynamism in the company's reporting system. The goal is to construct a short-term sustainability dashboard that shows the results of economically viable management that is socially just and environmentally correct, and characterized by ethical and transparent relationships with stakeholders.

OPERATIONAL FIGURES	2008	2009	2010
<b>Company Profile</b>			
Net operating income (millions of pesos)	5,329,848	5,003,151	4,471,605
Total assets (millions of pesos)	4,083,014	3,630,834	4,002,543
Equity (millions of pesos)	2,925,538	2,845,215	3,319,597
Exports (millions of dollars)	2,522	2,228	2,284
Exports (millions of tonnes)	31.4	30.3	31.4
Overburden removal (MBCM)	224.1	235.7	201.6
Royalties paid (millions of dollars)	260	309	185
Coal production (millions of tonnes)	31.2	30.6	30.2
Coal production in Colombia (millions of tonnes)	73	72	74
Cerrejón's participation in national production (percentage)	43	42	41
Contribution to Colombian GDP (percentage)	0.4	0.4	0.3
Number of directly employed workers	5,116	5,119	5,204
<b>Economic Value Generated and Distributed</b>			
Distributed to direct workers (millions of pesos)	390,420	489,479	478,204
Distributed to suppliers and contractors (millions of pesos)	1,915,202	1,709,300	1,585,667
Distributed to the State (millions of pesos)	1,293,596	1,188,365	880,011
Reinvestment in the company (millions of pesos)	312,726	358,100	469,754
Distributed to shareholders (millions of pesos)	1,352,562	1,178,704	1,022,523
Private royalties generated (millions of pesos)	65,342	79,203	35,446
<b>Health and Safety</b>			
Representation of workers on industrial safety committees (percentage)	24	25	24
Fatalities (number)	1	0	4
Reported cases of occupational diseases (numbers)	15	8	4
Recordable Injury Frequency Rate (RIFR)	0.47	0.37	0.41
Classified Injury Frequency Rate (CIFR)	0.30	0.21	0.31
<b>Human Rights and Security</b>			
Number of agreements with military and police forces, analysed in accordance with human rights provisions	1	1	1
Number of contracts with security companies, analysed in accordance with human rights provisions.	2	2	2
Number of stakeholders trained in human rights and international humanitarian law	5,733	2,504	4,408
<b>1</b> Number of cases analysed in accordance with human rights	16	-	11
<b>Workforce</b>			
Number and proportion of men directly employed	4,832 (94%)	4,828 (94%)	4,898 (94%)
Number and proportion of women directly employed	284 (6%)	291 (6%)	306 (6%)
Workers from La Guajira (numbers and percentage)	3,077 (60%)	3,108 (61%)	3,201 (62%)
Number of training hours per worker (professionals and technicians)	41 and 50	69 and 40	51 and 57
Proportion of workers with union membership (percentage)	82	81	82
<b>Environmental Management</b>			
Environmental Investment (millions of pesos)	76,798	87,729	76,840
<b>Area</b>			
Area disturbed, in hectares (annual cumulative total)	10,556	11,025	11,488
Active Area	7,956	8,290	8,653
Area of operation during this period	700	469	463
Area available for reclamation	2,599	2,736	2,835
Area undergoing reclamation (hectares)	2,566	2,690	2,765
<b>2</b> Area released by adapting	34	45	70

<b>Consumption of Resources</b>			
Diesel fuel consumption (gallons)	85,958,785	90,948,942	84,745,591
Oil consumption (gallons)	1,612,309	1,563,431	1,439,979
Tyres (numbers)	2,089	2,401	1,847
Ammonium nitrate (tonnes)	61,794	64,145	47,096
Emulsion consumption (tonnes)	89,059	99,999	81,011
<b>Water Usage</b>			
Total water usage (thousands m3)	6,251	7,812	5,846
Usage of high-quality water (thousands m3)	2,324	3,111	1,491
Usage of low-quality water (thousands m3)	3,927	4,701	4,355
Usage of recycled water (thousands m3)	257	301	341
<b>Energy Consumption</b>			
Diesel (gigajoules (GJ))	11,862,312	12,550,954	11,694,892
Petrol (gigajoules (GJ))	281,324	250,387	249,650
Natural gas (gigajoules (GJ))	36,700	42,097	34,197
Electricity purchased (GWh)	270	300	291
<b>Waste Products</b>			
Discharged residual water (thousands of m3)	1,352	3,124	854
Recovered used oil (gallons)	974,311	977,977	877,452
Fraction of oil recovered/reclaimed (percentage)	60%	63%	61%
<b>3</b> Solid waste generated (tonnes)	7,794	8,973	9,331
<b>4</b> Recovered solid waste (tonnes)	2,767	4,304	4,550
<b>Biodiversity</b>			
Individuals rescued and relocated (number)	3,278	870	338
Individuals rehabilitated (number)	444	779	1,004
<b>5</b> Species threatened to some degree. UICN - red books	31	32	20
<b>Compliance with Regulations</b>			
Environmental sanctions	0	0	0
<b>6 Environmental Incidents</b>			
Significant incidents (levels 3,4, and 5)	0	0	0
Minor incidents (levels 1 and 2)	68	48	33
<b>Emissions</b>			
<b>7</b> Direct emission of greenhouse gases (GHG) (thousands of tonnes of CO2 equivalent)	1,076	1,168	1,105
<b>7</b> Indirect emissions of greenhouse gases (GHG) (thousands of tonnes of CO2 equivalent)	35	38	37
Particulate matter (thousands of tonnes)	31	37	28
Nitrogen oxides (NOx) (thousands of tonnes)	18	19	18
Sulphur oxides (SOx) (thousands of tonnes)	2	2	2

1. The data for 2010 corresponds to cases registered at the Complaints Office that are classified under Security and Human Rights. Given that, in 2010, the complaints mechanism was in its pilot stage, the criteria for classifying all complaints logged into the system will be revised in 2011.
2. Difference between the area available for reclamation and the area undergoing reclamation.
3. This includes waste generated in Puerto Bolívar.
4. This includes waste recovered in Puerto Bolívar.
5. For 2010, this includes information published in Colombia's red books, which consolidate lists of threatened plant and animal species in the national territory. These publications are produced by the Ministry for the Environment, Housing and Land Use.
6. For 2010, incident reporting is based on the classification presented in the Operational Integrity Information System.
7. Emissions reported between 2008 and 2010 have been adjusted to emission factors used in 2010.



Cerrejón is one of the biggest open-pit export coal-mining operations in the world, and is located in La Guajira.



*"Our strategic planning, and all activities we undertake, must fit with our overall Vision. In our day-to-day operations, the way we conduct ourselves and undertake those activities must reflect the culture and corporate identity that we recognize as the Cerrejón Way".*



Luis Germán Meneses  
Executive Vice President of Operations (COO)

## Our Vision

To be recognized in the international thermal market, as well as in Colombia, as a world-class, efficient and trustworthy producer and exporter of coal. Our vision is to gain recognition as a company that effectively contributes to the well-being and development of the communities and country within which it operates, that promotes the participation, development, and excellence of its people, and achieves the best profitability for its shareholders.

## Strategic Objectives

Our management is framed within a strategy of responsible mining, through which we attempt to maximize benefit through cost control exercised with respect for our employees, communities, and the context in which we operate. This approach is composed of six principle strategic objectives, defined on the premise "Do the maximum possible, not the minimum necessary".

- Guarantee operational integrity.
- Promote social responsibility.
- Improve efficiency and competitiveness.
- Provide our customers with quality and satisfaction.
- Maintain organizational performance and growth.
- Develop our human capital and technology.



*Cerrejón is one of the biggest open-pit export coal-mining operations in the world, an important player within the Colombian economy and an economic motor for La Guajira, the region where its production activity is concentrated.*

**O**ur commitment is to develop a safe, trusted and sustainable operation. We believe this to be possible thanks to our human capital, our corporate governance structure, and our management model in sustainability, culture, and corporate identity. These attributes are combined to form an approach we call the Cerrejón Way. This allows us to subscribe to international initiatives and standards, and to maintain strong relationships with our strategic allies.

**2<sup>nd</sup> LARGEST BUSINESS GENERATOR OF FOREIGN CURRENCY IN COLOMBIA AND 1<sup>st</sup> AMONGST PRIVATE EXPORTERS**

**418.3 MILLION DOLLARS PAID IN NATIONAL TAXES AND 185 MILLION DOLLARS IN ROYALTIES**

**37.2% GROWTH IN PRODUCTION BETWEEN 2003 AND 2010**

**2,284 MILLION DOLLARS IN EXPORTS**

**IN 2010 WE SUCCEEDED IN PENETRATING THE ASIAN MARKET FOR THE FIRST TIME IN 25 YEARS**

# Location map, area of influence, and communities

Cerrejón is an integrated mining and transport operation based in La Guajira, a department in northernmost Colombia. Our operations encompass an open-pit thermal coal mine that produces 32 million tonnes per year, a railroad that is 150 km long, and a maritime port that can receive ships up to 180,000 tonnes in capacity. We employ around 10,000 people, of which more than 99% are Colombian. We are the biggest private exporter in the country and one of its biggest tax contributors. The Cerrejón Foundations System, consisting of four different entities, works closely with the Colombian Government and national and international entities, in order to promote and accelerate development that is both sustainable and fair for La Guajira and its people.

Cerrejón is a company incorporated in Anguilla in the British West Indies, with offices in Colombia. It belongs in three equal parts to subsidiary companies of BHP Billiton, Anglo American, and Xstrata. We have no subsidiary companies of our own.







### LEGEND

- Municipalities
- Towns
- Principal roads
- Secondary roads
- - - Railroad
- Departmental boundary
- - - Municipal boundary
- Rivers
- Forest reserve - Montes de Oca Protected Area

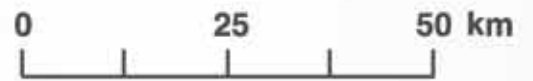
### COLOMBIA IN THE WORLD



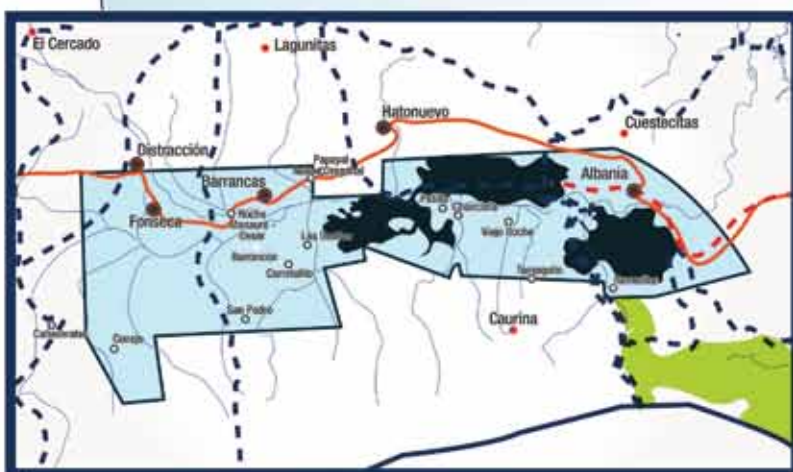
### LOCATION OF THE MONTES DE OCA



- 8,484 ha declared as protected forest reserve
- 82.10% within the jurisdiction of Maicao
- 17.90% in the municipality of Albania



SCALE 1:400,000



- Operational areas 69,000 hectares
- Operational area 11,488 hectares

Area undergoing reclamation 2,765 hectares (See map in the chapter on environmental management)



## History, Nature, and Legal Status

Carbones del Cerrejón Limited is a foreign company whose registered address is in Anguilla, in the British West Indies, with offices in Bogota, Colombia. The company was originally called the International Colombian Resources Corporation LLC (Intercor) until 2002, when it merged with Carbones del Cerrejón S.A., a Colombian company, and at the same time changed its company name to Carbones del Cerrejón LLC.

Later, in 2007, it changed its legal status in Anguilla from that of a Limited Liability Company (LLC), to an International Trading Company, and therefore its company name was modified to Carbones del Cerrejón Limited.

Cerrejón Zona Norte S.A. (CZN) is a Colombian public company, with its principle offices in Bogota, which was formed in 2002 through successive share issues. This was the mechanism used by the National Government for the sale of contractual interests in Carbocol under a Partnership Contract originally underwritten with Intercor (now with Carbones del Cerrejón Limited), a sale that was formalized through the signing of the Contract for Mining Operations and Transfers (CEMT, its Spanish acronym) between CZN S.A. and Carbocol. At that time, CZN owned a 50% contractual interest in the large-scale mining contract for the Patilla area, in which it participated in a consortium along with Carbones del Cerrejón Limited. Both companies belong in equal parts to subsidiary companies Xstrata plc, Anglo American plc and BHP Billiton plc.

To understand more about our history, visit: <http://www.cerrejon.com/site/Default.aspx?tabid=88>



The National Government does not form part of the company's shareholder structure. We do not have investments in other operations in Colombia or in other parts of the world. Our investment portfolio in coal mining is directly financed with our own resources and by our shareholders, subsidiary companies of Xstrata plc, Anglo American plc, and BHP Billiton plc. Investments take the form of physical capital (machinery, infrastructure, etc.) and of land. We do not participate in the purchase of shares in any stock market.

We do not seek external financing in local markets nor have we strategies for the formation of business alliances.

## Our Operation



### 1. Wildlife rescue and relocation

An inventory is made of the most vulnerable wildlife specimens in the areas slated for intervention. They are then rescued and relocated in areas evaluated and approved as host sites.

### 2. Deforestation and topsoil removal

Usable timber is removed, and the remaining trees are cut down. Topsoil material or layers suitable for subsequent reclamation is removed and stored in soil banks.

### 3. Drilling and blasting

The drills bore holes to load with blasting agents to fragment the overburden.

### 4. Loading overburden

Hydraulic and electric shovels load the waste rock into 320 or 240 ton trucks to expose the coal seams.

### 5. Transportation and disposal of waste rock

The 320- or 240-ton trucks haul the waste rock to dumps for final disposal.

### 6. Removal, loading, and transport of coal

Front-end loaders and hydraulic shovels come in to load the coal, which is hauled in 190-ton trucks to stockpile areas or to the crushers.

### 7. Crushing or stacking of coal

Two crushing plants and two silos comprise an integrated system that allows the crushing, storage, and loading of coal onto the rail wagons.

### 8. Train loading

The unloading operation begins when the train passes below the silos. An operator electronically opens the discharge chutes to release the coal and fill each wagon.

### 9. Puerto Bolívar unloading station

Unloading is triggered by contact of the rail wagon with an automatic device that activates a system opening the bottom chutes, allowing the coal to discharge, then closing them and continuing with the next wagon.

### 10. Stackers / Reclaimers

The material discharged from the wagons passes through four feeders and a system of conveyor belts and transfer stations, where it is distributed to one of three stacker/reclaimers.

### 11. Coal ship-loading

The material discharged from the wagons passes through four feeders and a system of conveyor belts and transfer stations, where it is distributed to one of three stacker/reclaimers.

### 12. Land reclamation

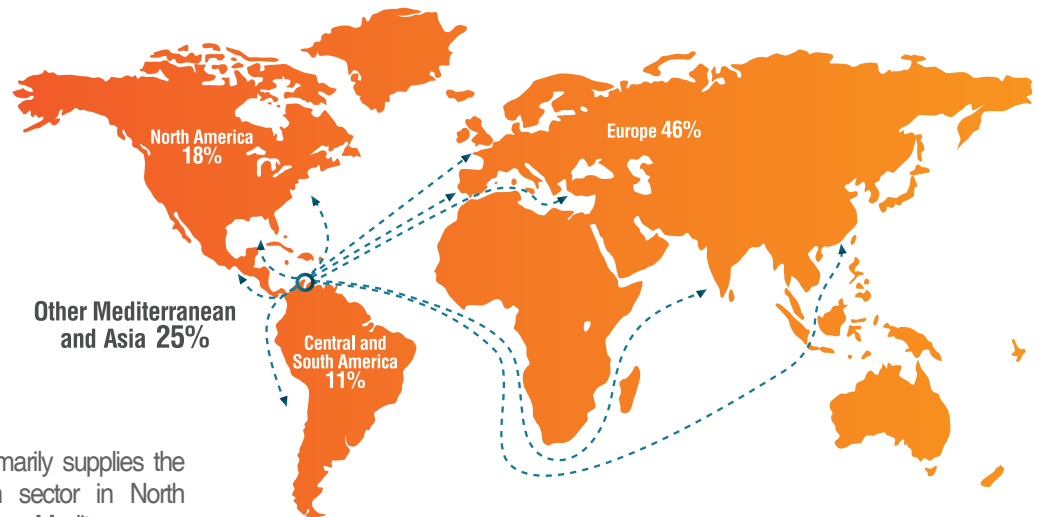
A new ground surface is prepared on the surface of the waste-rock dumps or back-filled areas no longer mined. The aim is to build woodlands on some of them similar to those in the area surrounding the mine.



*In three decades of operation, we have worked to make mining and sustainable development compatible concepts and realities.*

## Numbers of Countries Where We Operate and Markets Served

Coal is one of the most important sources of energy, responsible for almost 40% of electrical-power generation globally. In recent years, it has been the fastest-growing energy source recorded, surpassing gas, petroleum, nuclear energy, hydroelectric energy, and renewable energies.



Internationally, our coal primarily supplies the electrical-power generation sector in North America, Europe, and the Mediterranean, where it is acknowledged for its high efficiency and low sulphur and ash contents. To a lesser extent, it is used in the iron and steel industry in Pulverized Coal Injection (PCI) technology, in silicon production, and for domestic heating. In 2010, our exports reached notable amounts in Europe (46%) and North America (18%).

### Cerrejón Way

In 2009, we created a management model for corporate sustainability, culture, and identity called the Cerrejón Way, launched and implemented in 2010. Within this new identity, we are working to make mining and sustainable development into compatible concepts and realities.

This model defines clear aspirations for the company:

- Promoting the sustainable development of La Guajira
- Seeking better corporate practices and social responsibility practices
- Building trust with the communities of La Guajira
- Undergoing assessments by third-party experts as a means of promoting ongoing improvements within the company and to incentivise dialogue opportunities with our various stakeholders.

The Cerrejón Way has established eleven principles that reaffirm the ethos which unites the entire company and commits it to building a future benefiting the region, Colombia, and the wider world.

(We designed the Cerrejón Leadership Model (MLC, its acronym in Spanish) as the

fundamental initiative, combining aspects of organizational, technical, and operational integrity). The implementation of the MLC in 2010 included the social and environmental areas.

The Cerrejón Way contains values that give form to this corporate philosophy. They are:

- Safety, health, and environment
- Respect
- Responsibility
- Ethics
- Transparency
- Integrity
- Empowerment.

In 2010, we gave 31 talks on the Cerrejón Way values to 1,596 employees, 917 members of their families, and 123 contractors, for a total of 2,636 participants.

For more information on the Cerrejón Way, visit <http://www.cerrejon.com/site/Default.aspx?tabid=92>



Socialization of the identity and cultural corporation model. Cerrejón Style. Valledupar May 2010

## Awards and Distinctions

### Lazos Award

In 2010, the Lazos Award was presented to us in the category of Best Environmental Practices. It was awarded by the Colombian-British Chamber of Commerce and recognises companies that promote more efficient models of corporate social responsibility programs in the country.

Amongst the varied criteria assessed by this board for award selection, the following stand out: the impact of campaigns and training presented to our employees on recycling topics; programs and projects implemented for materials handling to reduce negative environmental impacts; the use of renewable energy sources; strategies and actions undertaken to protect lands rich in biodiversity; ecosystem-protection programs we carry out with various NGOs and government entities; and activities performed to reach the target for recycling of solid waste generated by our operation.

### Merco 2010

For the third consecutive year, Merco (a global benchmark reputation monitor) has recognized us as one of the top one hundred companies nationally with the best reputation. In the Merco Empresas category, which comprises 844 companies, we are ranked 22, which is an improvement on our reputational ranking of 48 for the year 2009. We are the top-ranked company in the mining sector. We also received special recognition as having one of the best reputations in social responsibility and corporate ethics, and as one of the best one hundred Colombian companies to work at, in which we are ranked eighth for the Merco Personas category.

For more information on our awards and distinctions, visit <http://www.cerrejon.com/site/Default.aspx?tabid=95>



Lazos Award 2010, Best Environmental Practices category. Luis Germán Meneses, Executive Vice President of Operations. Bogota, November 2010.

LAZOS AWARD  
BEST ENVIRONMENTAL  
PRACTICES  
MERCOPRESAS  
NO. 22 MERCOPRESAS  
PERSONAS NO. 8

### Corporate Governance

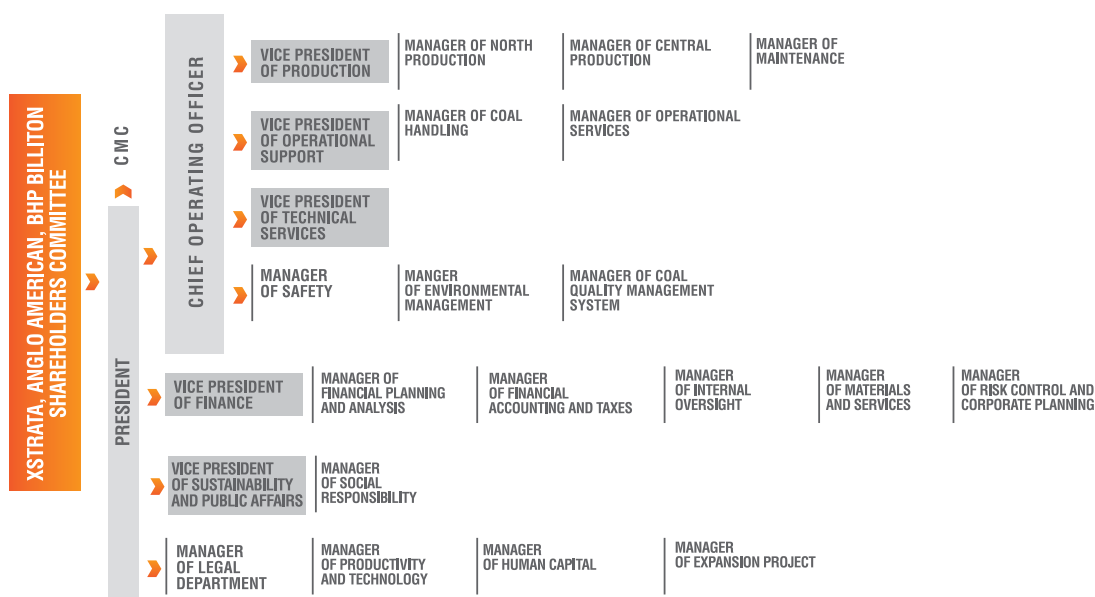
Our achievements in corporate governance practices, as described below, are the determining factor in retaining our operational credibility. Therefore, we provide our stakeholders with a transparent view of the objectivity and competitiveness with which we carry out our activities. Our top priorities remain to be a commitment to these values, our policy guidelines, an accountability to the environment, and continued corporate responsibility objectives. We thereby provide our stakeholders with a guarantee about the transparency, objectivity, and competitiveness with which we carry out our activities, in which the top priority is a commitment to those values, the Policies and conduct guidelines, care for the environment, and corporate responsibility.



Lazos Award 2010, Best Environmental Practices category. Luis Germán Meneses, Executive Vice President of Operations, and Martha Lucía Benavides, Head of the Communications Division, with the panel of judges. Bogota, November 2010.



## Our Corporate Structure



## Structure of Senior Management and Committees

Our most senior corporate governance body is the Shareholders' Committee, which comprises representatives from subsidiary companies of Xstrata plc, Anglo American plc, and BHP Billiton plc. We have no minority shareholders, and the President is independent of the Shareholders' Committee. In addition, there is an Operational Technical Committee as well as others mentioned below.

COMMITTEE	GOAL	COMPOSITION
Shareholders' Committee	This committee meets three times a year to monitor activities laid out in the annual plan and to approve investments. Once a year, the budget for the next year and the five-year plan are approved. It is in charge of controlling the various practices and good governance of the company.	A main representative and an alternate for each of the subsidiary companies of BHP Billiton plc, Anglo American plc, and Xstrata plc. Cerrejón's senior management.
Financial Committee	This committee meets three times a year for a detailed review of the financial results, corporate risks report, update of legal issues, and taxes.	The Vice President of Finance from each shareholder. Cerrejón's senior management.
Audit Committee	This committee meets twice a year to review all topics related to external and internal controls and audits.	The Vice President of Finance from each shareholder. Cerrejón's senior management.
Technical and Operational Review Committee (TORC) and GERM Committee (Geological Review Meeting)	This committee meets four times a year for a detailed review of operational performance, mine planning, and capital applications, among other topics, which are later approved by the shareholders' committee.	One member and one technical representative from each Cerrejón shareholder. Cerrejón's senior management.
Management Committee	This committee has monthly meetings for decision-making requiring high-level approval, including capital investment projects and contracting.	Cerrejón President, vice presidents, and managers.
Internal Control Committee	Evaluates deviations from policies for ethics, fraud control, and conflicts of interest when they arise.	Cerrejón President, Executive Vice President of Operations, Vice President of Finances, and Legal Manager.
Management Development Committee (MDC)	This committee meets monthly to evaluate topics of human resource management such as changes in the organizational structure, the establishment of new programs and policies, or changes to existing personnel or performance. Development of talent, compensation, labour, and occupational health, and the appropriate execution of same.	Cerrejón President, Executive Vice President of Operations, Vice President of Finances, Manager of Human Capital, and Legal Manager.

## Skills and Performance Compensation

As part of our management level recruitment process, we work from detailed descriptions based on the personal and professional aptitude expected for each position. This allows us to have specialized knowledge and a strategic vision of the business. In addition, within the key performance indicators (KPI) defined, we have established objectives for each employee, aimed at the economic, environmental, and social aspects of their position.

Compensation for senior managers and executives takes the form of monthly payments since they have full-time, exclusive dedication to the company. For all executive level employees, we apply a variable-bonus system payable dependent on the achievement of yearly set targets. These targets are set in correlation with the entire organization's performance in regard to social, environmental and economic objectives and are awarded through systematic evaluations of both personal performance and professional development.

## Procedures to Prevent Conflicts of Interest in our Highest Corporate Governance Body

There is a company policy for managing conflicts of interest. This policy applies to all employees, contractors and suppliers

and is therefore appropriately communicated to all parties. Every year there is a mandatory exercise through intranet software to all company professional staff. It covers performance policies and guidelines and specifically any declarations of conflicts of interest. This questionnaire is open so that potential conflicts may be declared at any time and evaluated by the Internal Control Committee.

## Maximum Integrity Path

OUR POLICIES ARE IMPORTANT DECLARATIONS OF THE VALUES AND GOALS OF OUR COMPANY, THE BEHAVIOUR EXPECTED OF OUR PEOPLE, AND THE STRATEGIES WE ADHERE TO TO ENSURE A CORPORATE CULTURE THAT IS ALIGNED TO OUR LEGAL, ETHICAL AND SOCIAL RESPONSIBILITIES.



*We have a direct workforce of 5,204 employees. 62% are natives of La Guajira, the headquarters of our operation, 28% come from other areas along the Atlantic Coast, and 10% are from the rest of the country.*

*Lázaro Marciano Ramírez and Tomás Eduardo Vega.*

Some of the goals of our performance policies and guidelines are:

- To promote and support high standards in ethical behaviour consistent with established guidelines and policies.
- To serve as a source of information for employees and business units regarding compliance with behavioural policies and standards.
- To foster mechanisms that allow all employees to exercise leadership in all our activities and in the way we carry them out.

## Administration of Irregularity Risks

To eliminate irregularity-related risks that could impact compliance of our policies and reaching of targets. In 2010 the Department of Internal Control focused their program of fraud and corruption risk validation particularly on the areas of Materials, Sustainability and Public Affairs, the Foundations System, Human Capital, Productivity and Technology, and on certain specific special cases.

(Keeping in mind that the reviews were of relevant business processes that cut across all areas, coverage of the analysis of fraud and corruption risk factors extended throughout the entire organization. In addition, the Internal Control verifications program also presented 32 reports to the Ethics Committee, corresponding to company vulnerabilities involving different business units).

## Irregularity Prevention

We firmly believe honesty is the strongest way to maintain maximum integrity. Therefore, we take great pains to preserve and project our excellent management practices on a daily basis. By complying with the performance policies and guidelines given, and with the leadership of the Internal Control Committee, each of Cerrejón's collaborators shows their integrity and commitment to the company.

In 2010, we had 100% of the professional personnel fill out a Conflicts of Interest Declaration form, and we distributed the Policy Manual to 2,961 technical staff. The goal in 2011 is to reach all the technical staff. In addition, we gave in-person conferences on behaviour policies and guidelines to 286 professional staff in the annual program (June 2010 to June 2011), designed for one hundred percent of professional personnel. The goal is to reach the remainder between January and July of 2011.

In 2010, all situations related to reports of fraud and deviations from the policies for ethics, conflicts of interest, and fraud control were addressed. The accusations were kept confidential.

We keep three open channels to facilitate the reporting of these types of situations:

- An Ethics Hotline in Colombia, reached from abroad or from any telephone in the country, and a website run by KPMG, an independent third party based in Argentina.
- Telephone numbers and an e-mail from the internal auditing department of our BHP Billiton shareholders.
- Telephone numbers and an e-mail from Cerrejón's Department of Internal Control.







Luis Carlos Villegas, President of the ANDI, during the launch of the Sustainability Report 2009. Bogota, October 2010.

For more information on the reporting channels, visit <http://www.cerrejon.com/site/Default.aspx?tabid=164>



As a result of investigations carried out over the course of the year on irregularities in compliance with the company's behaviour policies and guidelines, nine employees were removed from their posts. This year there were no corruption-related incidents resulting in the non-renewal of contracts with business partners nor any lawsuits against the company or employees for corrupt practices.

For more information on our allies, visit <http://www.cerrejon.com/site/Default.aspx?tabid=114>



## Strategic Allies

- Colombian Association of Engineers (ACIEM, its acronym in Spanish).
- Colombian Association of Personnel and Industrial Relations (ACRIP, its acronym in Spanish).
- Colombian Welding Association.
- Association of Corporate Foundations.
- Latin American Railroads Association.
- National Association of Industrialists (ANDI, its acronym in Spanish).
- Caribbean Businessmen Training Association (AFEMCA, its acronym in Spanish).
- Business Alliance for Secure Commerce (BASC).
- ANDI Chamber of Miners.
- Colombian-American Chamber of Commerce.
- Colombian-British Chamber of Commerce.
- Colombian-Canadian Chamber of Commerce.
- Colombian-Mexican Chamber of Commerce.
- ANDI Chamber of Energy and Gas.
- United Nations Global Compact Regional Centre for Latin America and the Caribbean.
- Colciencias (Administrative Dept. of Science, Technology, and Innovation).
- Mining and Energy Safety and Human Rights Committee.
- ANDI National Environmental Committee.
- Colombian Safety Council.
- Conservation International.
- Ideas for Peace Foundation.
- United Nations Global Compact.
- Large-Scale Mining Industry (MGE, its acronym in Spanish).
- Smithsonian Institution (palaeontological findings).
- World Coal Association (WCA).



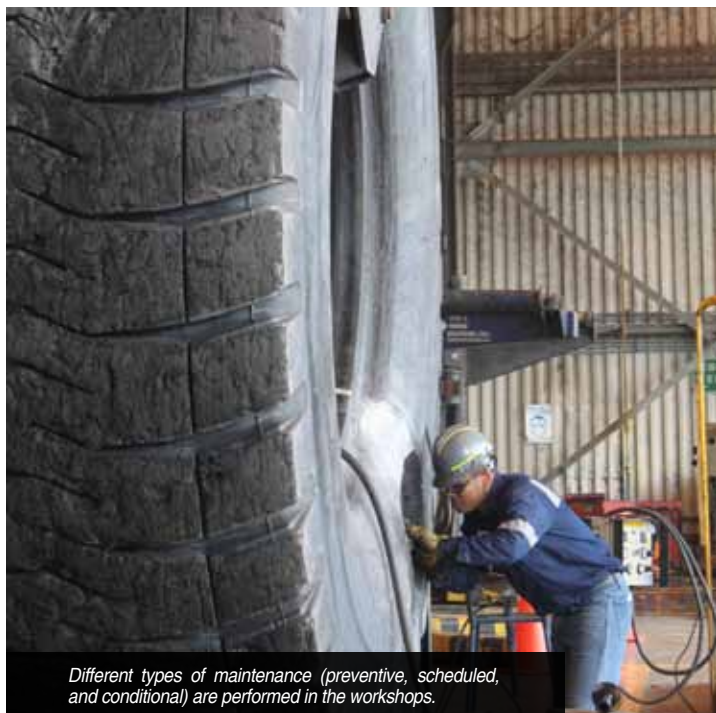
Fabio Arjona, Executive Director of Conservation International; Otto Vergara, Director of the Cerrejón Foundation Indigenous Guajira; and León Teicher, President of Cerrejón, at the launch of the Sustainability Report 2009. Bogota, October 2010.

## An Integrated Operation

*"The operational achievements at Cerrejón are based on teamwork and a respect for the management of each party, starting with the design of the mining plans, followed by a disciplined implementation by production, and enjoying strong support from maintenance and operational support teams; only thus can successful results be achieved."*



*Fernando Chaves,  
Vice President of Production*



*Different types of maintenance (preventive, scheduled, and conditional) are performed in the workshops.*



### The Mine

The Mine's resources are estimated to be 1,961 million tons of coal spread out over 69,000 hectares. Within this area five leased zones are located: North Zone, Patilla, Oreganal, and South Zone from the State of Colombia, and the Central Zone from the Community of Cerrejón.



### The Railroad

The railroad encompasses 150 kilometres of land, which accommodates trains comprised of up to 130 cars, which are continuously loaded at the silos. The full cycle of loading, transport, unloading at the port, and return to the Mine lasts approximately twelve hours. An average of nine trains are despatched daily.



### The Port

The port is the largest coal terminal in Latin America. It contains a navigable canal 19 metres deep, 225 metres wide, and 4 kilometres long.

# W

e are a clean and efficient operation that integrates the Cerrejón Mine, Puerto Bolívar and the connecting railroad. Our coal-mining operation is executed according to the highest standards of safety and quality, and is based on our commitment to providing international markets with a product low in ash and sulphur contents, thus reducing the impact on populations and the environment. None of our mining operations are small scale or artisanal.

COAL  
PRODUCTION  
OF 30.2 MILLION  
TONNES/YEAR

EXPORTS  
OF 31.4  
MILLION  
TONNES/YEAR

100%  
FULFILLMENT  
RATE IN PRODUCT  
DELIVERIES;  
NO REFUSALS OR DELAYS

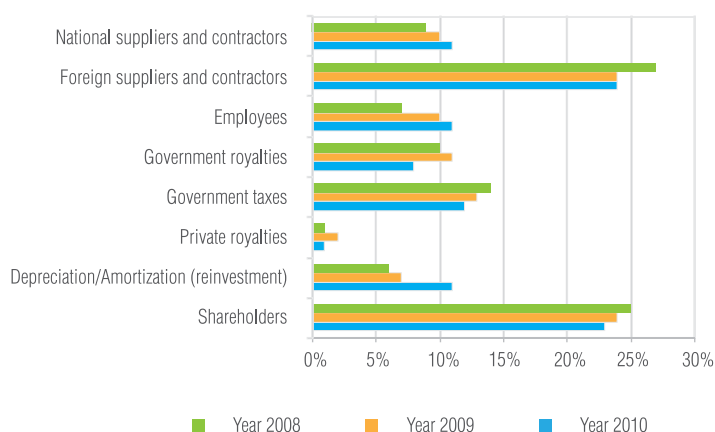
MORE THAN US\$ 262  
MILLION IN  
EXECUTED  
INVESTMENTS AND  
US\$57 MILLION SAVED  
THROUGH COST  
ACCOUNTING

In contrast with the drought experienced during the first half of the year, from the end of June operations were seriously affected by the La Niña phenomenon, whereby inclement weather conditions resulted in 205 days of rain. These conditions resulted in an (impact) of 1,112 hours on operations compared with the 500 planned for the year. Nevertheless, precautionary measures taken by the mine (including the building of drainage systems and, in particular, the maintenance of the excavation machinery floor surfaces at an incline of 2%) allowed work to start up more quickly after the rains. Therefore, thankfully, high production levels were reached within a short recovery time. The pace of operations during the dry season in the first part of the year provided an advantage during the winter period.

## Economic value generated and distributed

In 2010, we once again opted to calculate the distribution of the economic value generated between the various stakeholders for the period covered by this report. The following table lists the comparative results, by stakeholder, for 2008, 2009, and 2010.

PARTICIPATION LEVELS



THOUSANDS OF COLOMBIAN PESOS	2008 PART. (%)	2009 PART. (%)	2010 PART. (%)	CHANGE(%)
<b>TOTAL OPERATING INCOME</b>	<b>5,329,848</b>	<b>5,003,151</b>	<b>4,471,605</b>	<b>-11</b>
National suppliers/contractors	460,659	516,182	509,081	-1
Foreign suppliers/contractors	1,454,543	1,193,118	1,076,586	-10
Employees	390,420	489,479	478,204	-2
Government royalties	547,158	533,603	338,818	-37
Government taxes	746,438	654,762	541,193	-17
Private royalties	65,342	79,203	35,446	-55
Reinvestment	31,726	358,100	469,754	31
Shareholders	1,352,562	1,178,704	1,022,523	-13
<b>TOTAL INCOME DISTRIBUTED</b>	<b>5,329,848</b>	<b>5,003,151</b>	<b>4,471,605</b>	<b>-11%</b>

**TECHNICAL NOTES**

- This information covers the following companies: Carbones del Cerrejón Limited and Cerrejón Zona Norte S.A.
- All of the information comes from officially audited financial records (specifically, the Results Report).
- The amount distributed to employees includes all remunerations, benefits, and compensations associated with directly employed personnel.
- The reinvestment amount includes fiscal year depreciations and amortizations, plus profits that were reinvested rather than distributed.

The decrease in generated and distributed financial income is primarily due to the devaluation of the peso against the US dollar. At the end of 2010, the Government Representative Exchange Rate (TRM, its acronym in Spanish) was \$1,913.38 per US dollar; this represents a devaluation of 6.37% compared with 2009 (Source: Bank of the Republic of Colombia).

The reinvested financial income is equal to the amounts not distributed to stakeholders and used by the company to further the operation.

## Contributions to the National Economy

### Socio-Economic Assessment Toolbox (SEAT)

The Socio-Economic Assessment Toolbox (SEAT) is a mining operations socio-economic assessment methodology applied to Anglo American that we have used as a reference in calculating the contribution to the country's economy, following the 3D indicator guidelines. The objective of this indicator is to estimate contributions made by the company to the country's economy by three different means:

- **Value added.** This is the company's contribution to the wealth generated by the economy.
- **Percentage of the country's Gross Domestic Product (GDP) contributed by the company.** The GDP is the gross added value of all goods and services produced by a country's economy as a whole.
- **Contribution to the country's balance of trade.** The trade balance is the net difference between the operation's total exports and its imports.

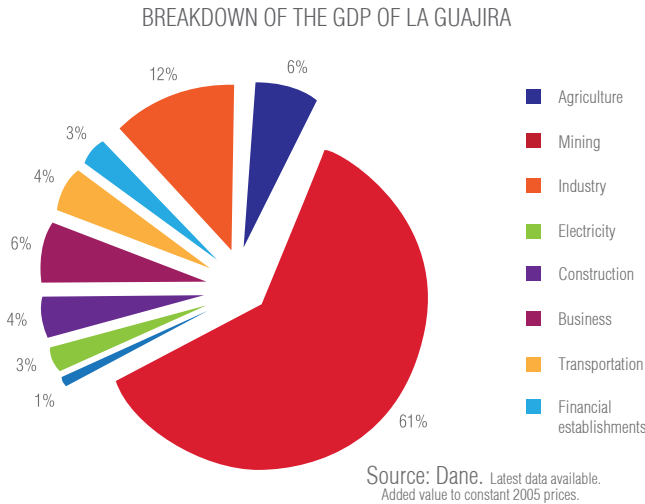
### Contributions to the National GDP

The importance of the mining and energy industry as a major source of income and financial resources for the national economy has been a factor in the improvement of terms of trade, increased tax revenue, financing of other sectors of the economy, and a large source of foreign currency.



The results of the calculations suggested by the SEAT methodology show that the contribution by Cerrejón to the national GDP was 0.34%, compared with 0.4% in 2009.

### Contributions to Regional GDP



THE MINING INDUSTRY CONTRIBUTES 61% OF THE GDP OF LA GUAJIRA

### Contribution to the balance of trade

In 2010, the export of petroleum and its by-products reached 42% of the national total compared with 32% in 2009; coal represented 15% of the country's total exports.

Cerrejón contributed 6% of total Colombian exports in 2010.

### Purchases from Suppliers in the Area of Influence

As a result of our commitment to local communities, we increased total purchases from suppliers and contractors from municipalities in the area of influence by 48%. This increase is significant considering that in 2009 these purchases had decreased compared with 2008.

Figures in thousands of pesos	Municipalities in the area of influence	Other municipalities of La Guajira	Atlantic Coast	Remainder of Colombia	National total
2008	39,654	17,499	196,073	359,975	613,201
2009	31,374	18,770	209,696	362,274	622,114
2010	46,333	29,177	265,426	516,778	857,715
Change 2008–2009	-21% ▼	7% ▲	7%	1%	1%
Change 2009–2010	48% ▲	55% ▲	27% ▲	43% ▲	38% ▲



We are backed by 4,333 workers from contractor companies.

## Investments in Infrastructure

### Initiatives to Improve Roadway Infrastructure

We actively work to strengthen the local economies where we conduct our business, without compromising the effectiveness and efficiency of our operations. Therefore, we have invested heavily in infrastructural developments and recovery initiatives that are vital both to Cerrejón's competitiveness and to our neighbouring communities. We believe that the progress of our neighbours translates into progress for the company.

To this end, in 2010 we continued our participation in the restoration of the unpaved road between Uribia and Puerto Bolívar, 80% of which had deteriorated as a result of the harsh winter weather at the end of the year. To accomplish this, we implemented a strategy that employed three simultaneous work fronts, mobilizing approximately 4,500 m<sup>3</sup> of materials. The road maintenance costs amounted to nearly US\$932,000, US\$360,000 more than in 2009.

This intervention strategy allowed us to guarantee logistical assistance from the Port and the transport of large loads to the Mine, as well as the transport of personnel and goods between Bahía Portete and the Cabo de la Vela towards Uribia. This was an essential operation due to the economic importance of the high tourism season in the region which occurs at the end of year and carries on into spring.

## Exports and Trade: Product Stewardship and Supply Chain

### Materials and Supplies

At Cerrejón we recognize that the philosophy of material stewardship includes all of the necessary activities to ensure the optimum and appropriate use of coal by society. As this requires focusing on the product's life cycle, the best way to achieve this is through global and industry-wide efforts that involve all of the phases and players up and down the coal supply chain, including the materials and supplies used in the mining process.

We have committed ourselves to implementing the International Council on Mining and Metals (ICMM) Sustainable Development Framework regarding materials stewardship, including product life cycle and chemicals management, through to their production and sustainable consumption. Our shareholders (BHP Billiton, Anglo American, and Xstrata) are members of the ICMM, and within this framework we promote responsible practices of design, use, reuse, recycling, and disposal of materials that go beyond the mining operations themselves, thus ensuring continued increase in the value of coal for society.

Specifically, in our mid-term management plan, we will include a work plan that is linked to life cycle analysis, recycling, and eco-efficiency. In addition, we will promote scientifically based policies for the management of chemicals used in our processes and provide an effective interface so that industry policies and international debate on sustainable consumption and production reflect the mining industry's positive contribution to sustainable development and its responsible use of natural resources.

For more information on the ICCM philosophy regarding the stewardship of materials and supplies, please see the International Council on Mining and Metals, 2010. Reference - International Council on Mining and Metals (July 6, 2010). Materials Stewardship. Retrieved from ICMM on July 6, 2010: <http://www.icmm.com/page/1389/our-work/work-programs/articles/materials-stewardship>.

### Responsible Marketing of Coal

The greatest environmental impact within the chain of the product life cycle occurs when coal is used in thermoelectric power plants for the production of energy. While this is not an activity that we engage in, we nevertheless implement measures to improve coal quality (high calorific value, low ash and sulphur) and thus contribute to a reduction in environmental impact during its use. To date there have been no incidents resulting from any breach in the product life cycle.

As part of our policy of full disclosure to our clients regarding the coal quality and measures to be taken in its handling, we provide the following:

1. Quality Assurance Sheet, which, in accordance with international standards, provides the information needed by a client to quantify the products resulting from the burning of coal and their corresponding environmental impact. This sheet is provided to the client at the very start of any business relationship.
2. Material Safety Data Sheet (MSDS). In addition to a generic description of the coal (description, physical properties, etc.), the safety data sheet includes the precautions to be taken and the measures to be adopted in the event of an emergency resulting from coal handling, as well as the potential impact of a failure to take said precautions.

This sheet is updated in accordance with 2010 international standards and, as an additional measure, is issued to the captains of all ships calling at Puerto Bolívar to load Cerrejón coal.

3. Continued participation in industry forums and visits from current and

potential customers, indigenous communities, national and regional authorities, government representatives, NGOs and local, national, and international media, at the Mine and Puerto Bolívar installations.

## Quality and Customer Satisfaction

Customer satisfaction is measured in a number of ways. One of the most significant indicators is the reliable supply of the product within the agreed-upon delivery times. In this regard, Cerrejón has never invoked force majeure nor has it failed to fulfil any of its commercial contracts—a record it has sustained throughout 2010. We have a long-term business relationship with most of our customers (for a number of years), and are the sole supplier for some of them.

As part of the service we provide to our clients, our sales arm, Coal Marketing Company (CMC) periodically makes technical visits to their electric power plants in order to a) collect feedback regarding the use of Cerrejón coal, b) promote the use of one of our coal types in particular, and c) explain some of the technical conditions of the Mine development, and the technical specifications of the coal that we aim to provide. The information collected during these visits to clients allows the organization to take

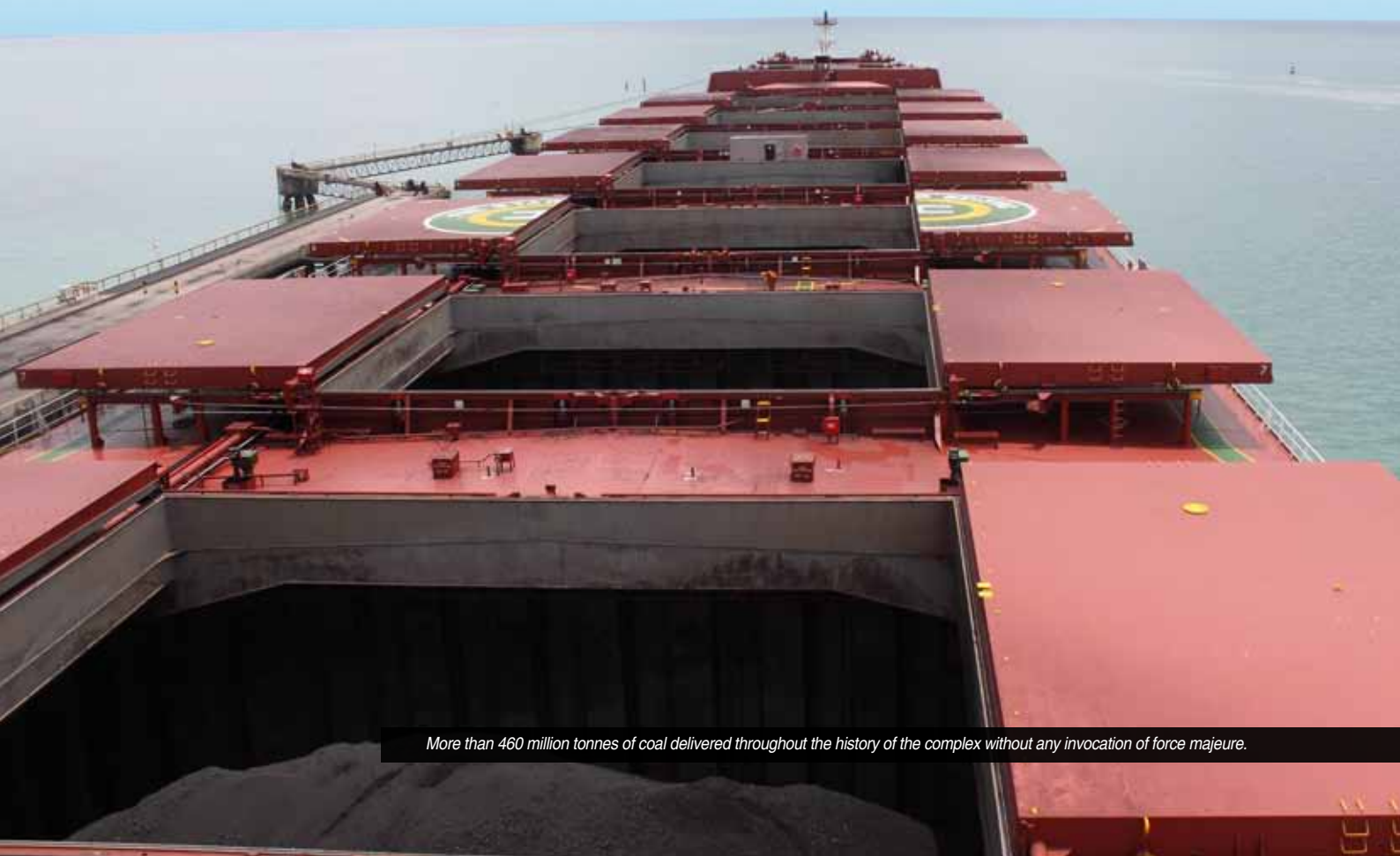
action to ensure maximum customer satisfaction with the product they receive, and also serves as a reference for short- and middle-term sales planning. Likewise, in its sales visits to customers, the CMC sales team always confirm that the product which the customer has received complies with the quality and time frame parameters defined by contract, thus guaranteeing their satisfaction.

## Customer Privacy

Our company maintains the privacy of all information related to our customers' corporate data and the terms and conditions of our commercial agreements with them. As a result, no claims have been made in this regard.

## Impacts on Health and Safety

During our visits to clients, we consult with them to identify any impact our product may have on health or safety. In 2010, there were no complaints in this regard. Customers expect that products and services delivered to fulfil an intended purpose should do so in a manner that is satisfactory and that poses no risk. Thankfully there have also been no reported incidents of the product impacting health and safety throughout its life cycle resulting from a breach of any regulations.



*More than 460 million tonnes of coal delivered throughout the history of the complex without any invocation of force majeure.*





SOCIAL  
ENGAGEMENT



HUMAN  
CAPITAL



RESETTLEMENTS



HUMAN  
RIGHTS



SAFETY



FOUNDATIONS  
SYSTEM



ENVIRONMENTAL  
MANAGEMENT

## Sustainable Development



Child in the community of Patilla.

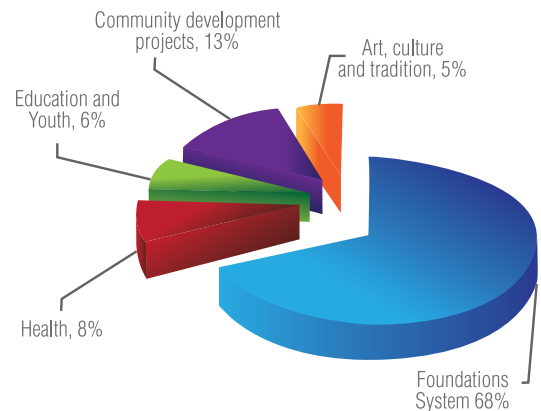
**C**errejón acts in accordance with internationally agreed-upon principles and is among the pioneering companies in the country in their adoption.

Our responsibility to neighbouring communities goes far beyond the role of employment and royalty generators. Our commitment to these local communities constitutes both broad social engagement and a close working relationship with community departments. These actions are consistently underlined and guided by those international standards held to multinational organisations.

In order to promote and support ambitious projects aimed at strengthening and sustaining regional development, we created the Cerrejón Foundations System in 2008, with which we intend to open the road to department sustainability.

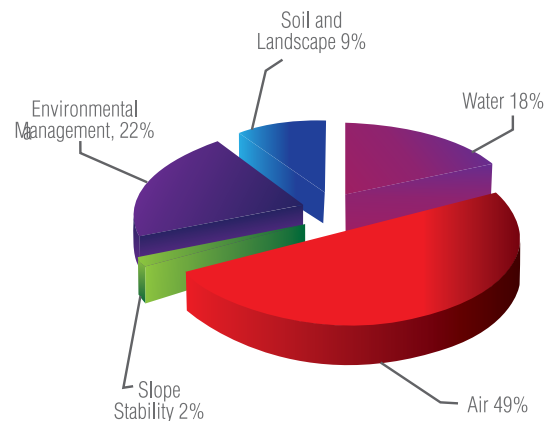
This chapter consists of the following subjects: subscription to standards, commitments, and certifications achieved; our company and the principles of the United Nations Global Compact; the third-party review panel (TPR); our management of sustainability risks and the relations of Cerrejón with stakeholders. It includes, as sub-chapters, Safety, Community Relations, Human Rights, Foundations System, Human Capital, and Environmental Management.

### INVESTMENT IN SOCIAL PROGRAMS AND FOUNDATIONS SYSTEM



Total expenses and investments in 2010: US\$10 million

### ENVIRONMENTAL INVESTMENT



Total expenses and investments in 2010: US\$40.7 million

For more information about our vision of sustainable development, visit <http://www.cerrejon.com/site/Default.aspx?tabid=80>



# Subscription to Standards, Commitments and Certifications Achieved

## Standards and initiatives followed by Cerrejón

- Universal Declaration of Human Rights.
- Fundamental conventions of the ILO.
- Social and environmental performance guides 1, 5, and 7 of the International Finance Corporation (IFC) of the World Bank.
- Voluntary Principles on Security and Human Rights United Nations “Protect, Respect, and Remedy” Framework.
- United Nations Global Compact.
- Global Reporting Initiative (GRI).
- Sustainable Development Framework of the International Council on Mining and Metals (ICMM).

**2007** A Third-Party Review Panel is convened for Cerrejón’s social programs.

**2008** Joining the Mining and Energy Committee on Security and Human Rights, a Colombian initiative for implementation of the Voluntary Principles on Security and Human Rights.

**2008** Signing of the Cerrejón – Colciencias accord for financing research projects.

**2008** Creation of the Cerrejón Foundations System.

**2008** ISO 9001:2008 certification for the mining service and support equipment maintenance processes, component rebuilding, and the supply of operational support services, which are the direct responsibility of the Maintenance Department. Recertification in force until 2011.

**2009** The company is cofounder of the Global Compact Regional Centre for Latin America and the Caribbean.

**2009** Cerrejón in one of five companies in the world participating in the United Nations pilot program for implementation of a rights-based Complaints Office.

## Milestones in Our Sustainability Process

**2003** ISO 14001 and OHSAS 18001 certificates from 2003 to date.

**2005** Development of the human rights policy.

**2005** Cerrejón signs the Global Compact commitments.

**2007** Signing of the Inter-Institutional Cooperation Convention with the NGO Conservation International.

## Our Company and the Principles of the United Nations Global Compact

SUBJECT	GLOBAL COMPACT PRINCIPLE	2010 ACTION LINES	LOCATION IN REPORT
Human Rights	<b>Principle 1.</b> Companies should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> <li>• Support for initiatives and application of international standards.</li> <li>• Strengthening work with the Voluntary Principles on Security and Human Rights.</li> <li>• Implementation of the Complaints Office pilot program.</li> </ul>	Strengthening work with the Voluntary Principles on Security and Human Rights
	<b>Principle 2.</b> Companies should ensure that they are not complicit in human rights abuses.		<b>Human Rights</b>
Labour Standards	<b>Principle 3.</b> Companies should respect freedom of association and the effective recognition of the right to collective bargaining.	We focus our management on strengthening processes and key factors in order to ensure our people are recognised as a key asset in the achievement of our competitive and sustainability goals. This is achieved through promoting:	
	<b>Principle 4.</b> Companies should eliminate all forms of forced or obligatory labour.	<ul style="list-style-type: none"> <li>• An organizational culture in line with the values and principles of the <b>Cerrejón Way</b>.</li> </ul>	See objectives, goals, achievements, and management in Human Capital
	<b>Principle 5.</b> Companies should effectively abolish child labour.	<ul style="list-style-type: none"> <li>• The improvement of performance standards through training programs, development plans, and clear processes of evaluation and follow-up.</li> </ul>	<b>Human Capital</b>
	<b>Principle 6.</b> Companies should eliminate employment and occupation discrimination.	<ul style="list-style-type: none"> <li>• Recognition of individual and team achievements.</li> <li>• Building ever closer relationships with workers and their families in order to contribute to a good labour climate.</li> </ul>	
Environment	<b>Principle 7.</b> Companies should support preventive methods in regard to environmental problems.	Both our environmental policy and management models are aimed simultaneously at identifying, preventing, mitigating and compensating any detrimental environmental impacts of our operations. We subsequently adopt monitoring and follow up measures to verify the effectiveness of our established environmental control and protection systems.	See objectives, goals, achievements, and management in Environmental Management
	<b>Principle 8.</b> Companies should adopt initiatives to promote greater environmental responsibility.		
	<b>Principle 9.</b> Companies should promote the development and diffusion of environmentally friendly technologies.		
Fight against corruption	<b>Principle 10.</b> Companies should fight against corruption in all its forms, including extortion and bribes.	Good corporate management practices constitute a determining factor for the company in the generation of credibility about the way we operate. With them, we guarantee our stakeholders about the transparency, objectivity, and competitiveness with which we carry out our activities, in which precedence is given to the commitment to values, ethical principles, conduct guidelines, care for the environment, and corporate responsibility.	See objectives, goals, achievements, and management in <b>Our Company</b>





*The renewals of the OHSAS 18001:2007 and ISO 14001:2004 certifications were granted by the international company SGS (Société Générale de Surveillance), and they certify the Environmental Management System and the Occupational Health and Safety Management System in the operations of the Mine, the railroad, Puerto Bolívar, and Bogota, as well as all the associated infrastructure.*

## Third-Party Review Panel of Social Programs (TPR)

With the purpose of evaluating our progress in social matters, we convened the Third-Party Review Panel (TPR) in 2007, presided over by figures from academia and the third sector at a national and international level. In 2008, the panel's analysis provided 24 recommendations on different matters related to human rights, resettlements, royalties, health, culture, and the environment in our area of influence, among others. We have subsequently presented documentation on progress on these issues twice a year since then. The fifth progress report was delivered in 2010 and included a detailed account of activities that are still under development and pending commitments. Other highlights include: the partial review conducted by the external consultant Social Capital Group on the progress of activities evaluated by the panel; holding informational and liaison meetings with local communities and authorities; the official launching of the Complaints Office; and the review of the social baselines for each one of the five communities undergoing resettlement (Roche, Patilla, Chancleta, Tamaquito II, and Las Casitas).

The five **Correjón social commitment progress reports presented since 2008** may be seen at <http://www.cerrejon.com/site/Default.aspx?tabid=144>



## Sustainability Risk Management

Risk management plays a key role for us in planning and operations – by focusing on those defined as crucial risks we generate greater administrative insight, and therefore control, over them. Risk is inherent in our business and identifying it is fundamental for the health and well-being of all our workers, as well as for achieving the corporate goals. Uncertainty poses both threats and opportunities for our business, and the potential to increase or

decrease value. Adequate risk management allows management to consistently and effectively face uncertainty, threats, and the associated opportunities, therefore increasing the capacity to generate value.

Based on the recommendations from the accident that occurred on August 4, 2010 (see the chapter on Safety), we have revised and updated our Risk Management System and included criteria and procedures that improve the identification and administration of higher-risk activities (whose impact, if they materialize, leads to fatalities). Our main priority remains, as ever, to ensure the effectiveness of these catastrophic risk controls. We aim to do this through management procedures that encompass the administration as well as every level of our operation.

In 2010, we renewed our Risk Management System, revising and updating the inventory of critical activities in each operational area, defining the action plans and controls necessary to eliminate risks wherever possible, or reduce them to acceptable tolerance levels:

- In order to decrease the probability of the occurrence of an event, we have defined and implemented preventive measures.
- In order to diminish its severity when an event occurs, we have defined and implemented mitigation measures.

In addition, our Risk Management Policy gives the highest priority to systematic and strategic management, and commits us as an organization to these priorities. We have generated profound improvements in risk identification and recording, from the design of the controls themselves to measurement and evaluation of their effectiveness, and therefore seeking to guarantee the lowest impact of risk events on the workers, local communities, the environment, and the company.

We present a summary of the corporate risk analysis and control system below, in which the main management events and impacts of 2011 are identified.

SUSTAINABILITY FACTOR	BUSINESS RISK	RISK EVENT	CAUSES	IMPACTS
Economic	Inability to load coal at Puerto Bolívar.	Failures in major components of the coal-loading system.	Fatigue in coal-loading system components.	Non-compliance with clients.
			Inadequate maintenance practices.	
Economic	Inability to load coal at Puerto Bolívar.	Accident during a sea manoeuvre at the Port (blockage of the channel).	Fires.	Multiple fatalities.
			Climate conditions.	
Economic	Inability to load coal at Puerto Bolívar.	Accident during a sea manoeuvre at the Port (blockage of the channel).	Damages or fires at the loading station.	Non-compliance with clients.
			Sinking of a boat.	
Economic	Inability to load coal at Puerto Bolívar.	Accident during a sea manoeuvre at the Port (blockage of the channel).	Boat run aground.	Multiple fatalities.
			Non-compliance with procedures.	
Economic	Inability to load coal at Puerto Bolívar.	Accident during a sea manoeuvre at the Port (blockage of the channel).	Inadequate maintenance of tugboats.	Fuel spill.
			Insufficient towing capacity at wind speeds between 30 and 50 thousand knots.	
Safety/Community	Safety in transport.	Collision outside Cerejón properties between a company vehicle and third-parties transporting fuel in substandard conditions.	Third-parties driving vehicles without complying with transport regulations.	Multiple fatalities.
		Airplane accident.	Absence of traffic authorities.	
Safety/Community	Maintenance safety.		Maintenance work accidents.	Inadequate maintenance of third-party equipment.
		Blasting process safety.		Explosion in the blasting process.
Safety/Community	Maintenance safety.		Maintenance work accidents.	
		Blasting process safety.		Explosion in the blasting process.
Safety/Community	Maintenance safety.		Maintenance work accidents.	
		Blasting process safety.		Explosion in the blasting process.
Safety/Community	Maintenance safety.		Maintenance work accidents.	
		Blasting process safety.		Explosion in the blasting process.
Safety/Community	Maintenance safety.		Maintenance work accidents.	
		Blasting process safety.		Explosion in the blasting process.
Safety/Community	Maintenance safety.		Maintenance work accidents.	
		Blasting process safety.		Explosion in the blasting process.
Environmental	Non-compliance with environmental regulations.		Pollution of the sea at Puerto Bolívar due to a fuel spill.	
		Environmental		Non-compliance with environmental regulations.
Environmental	Non-compliance with environmental regulations.		Pollution of the sea at Puerto Bolívar due to a fuel spill.	
		Environmental		Non-compliance with environmental regulations.
Environmental	Non-compliance with environmental regulations.		Pollution of the sea at Puerto Bolívar due to a fuel spill.	

For each event and its respective impact identified above, programs, plans, and control activities have been developed to which resources (budget, human resources, equipment, etc.) and people responsible for implementing the controls are assigned. Often, the application of the controls is monitored and their effectiveness is verified.

The Corporate Risk Management System is led by the Financial Vice-Presidency; its validation and control are overseen directly by the Presidency and the Shareholders' Committee.



## Relations with Stakeholders

For the identification and selection of our stakeholders, in 2009 we began by characterizing all those groups related to our operation, as well as their main needs and expectations, in order to then prioritize them. Year after year we have reviewed our relationship with each one of them and we have generated new communication channels in order to increasingly respond to their expectations, including those new stakeholders that are identified.

Our stakeholders are:

- Departmental and local authorities and bodies.
- Local, peasant, and indigenous communities.
- Employees and trade union.
- Mining sector companies.
- National Government.
- Educational and healthcare institutions.
- Regional, national, and international communications media and opinion leaders.
- NGOs.
- Suppliers and contractors.

This rapprochement to our stakeholders is aimed at:

- Minimizing, mitigating, or compensating social impacts when they cannot be avoided.
- Promoting and respecting human rights and managing complaints effectively.
- Involving the communities and stakeholders in a participative way, seeking to build solid relationships based on trust and transparency.
- Contributing to the sustainability of La Guajira.

The main activities for engaging with our shareholders in 2010 are shown below.

## Corporate Events

- Annual strategy and results meetings with employees held in Bogota, the Mine, and Puerto Bolívar.
- Launching the 2009 Sustainability Report in Riohacha and Bogota.
- Encounters with national and regional communications media, highlighted by the year-end meeting of 22 national representatives with the Presidency and the communications personnel visit to 23 communications media.
- Annual recognition events, where 291 collaborators were nominated (175 professionals, 104 technicians, and 12 contractors) in the categories of Operational quality and effectiveness, Cost effectiveness and safety, Health, environment, and communities. Each nominee could attend with a family member and their immediate boss.
- For the third consecutive year, we brought an extension of the Hay Festival to La Guajira.



Annual corporate recognition event.  
The Mine, May 2010



Mauricio Cárdenas, Cerrejón employee, with Evangelio Conchacala, during the launching of the 2009 Sustainability Report.  
Riohacha, October 2010.



Willinton Duarte, Patilla community representative, member of the Air-Quality Oversight Committee, receives his training diploma in the air-quality monitoring protocol.



2010 Hay Festival. The capital of La Guajira was the stage for diversity and culture for the third consecutive year. Riohacha, February 2010.



## Participation in Sector Events

- International seminar on “Myths and facts of the mining and energy sector in Colombia”, with the launching of the Large-Scale Mining (MGE, its acronym in Spanish) sector, which is comprised of the fourteen largest mining operations in the country, including Cerrejón. Among the 358 people in attendance were Government representatives, diplomatic missions accredited to Colombia, multilateral organizations, foundations, NGOs, representatives from the academic, private, mining and energy sectors, as well as associations, chambers of commerce, national media, and international news agencies.
- Participation in the following events: International Conference on Mining of the National Association of Exporters (Analdex); International Fair of the Environment (FIMA, its acronym in Spanish); Colombia Oil and Gas, an initiative headed by the National Agency of Hydrocarbons (ANH, its acronym in Spanish); Expoguajira, from the Chamber of Commerce of La Guajira; 6th International Mining Fair, held in Medellín (Government of Antioquia and Andi); Expo Mining Fair in Corferias, and ANDI General Assembly, including the CSR and mining events.

## Visits to the Mine by Our Stakeholders

From January to December 2010, we received a total of 16,033 visitors, distributed as follows: Tourists (49%), students (39%), environmental visits (6%), relatives of employees (4%), as well as representatives of the Government, embassies, academia, and news media (2%).

## THE OPERATIONAL INTEGRITY COMMITTEE MEETS ON A MONTHLY BASIS WITH CONTRACTORS

## Meetings with Suppliers

Two events were held with our contracting companies, in Bogota and Baranquilla, where 110 and 127 representatives respectively participated in seminars run by Cerrejón. We used these events as opportunities to inform our contractors of our purchasing and contracting processes, to reinforce our existing policies, to promote our ethical position and to raise the profile of the Cerrejón Foundations System.

Furthermore, the Operational Integrity Committee meets monthly with contractors, headed by the Executive Vice President of Operations, to promote the highest safety rates in the operation.

## Events with Communities in the Area of Influence

The following 2010 activities should be noted:

- Thirty-five Mobile Healthcare Clinics, which provided assistance to 9,490 people from the communities of Albania, Hatonuevo, Uribia, Maicao, and Barrancas.
- Five collective leadership workshops, at which municipal administrations from the area of influence (AI) participated, and a further four meetings held to target local emergency requirements which arose from harsh winter weather. These meetings were attended by 108 councillors and public administrators and 30 officials. Twenty-three theatre performances, attended by 3,480 indigenous people, as well as eight visits that were part of the Coal Route program. 144 people participated in these visits which were held in order to raise awareness of indigenous communities located in the vicinity of the railway, with a particular emphasis placed on issues of safety, self-protection, and shared responsibility.
- Ten workshops for each of the communities, together with 809 inhabitants from settlements within the AI.
- Six meetings of the Brush-Cutting program, which subsequently held follow-up meetings for results throughout the year, and in which 340 indigenous people in the vicinity of the railway were involved.



Indigenous reservation of El Cerro during their visit to the Cerrejón environmental programs. Fauna Recovery Centre, The Mine, August 2010.



Operational Integrity Committee of contracting companies.  
The Mine, June 2010.

- Six meetings of the Mixed Committee with 72 members of the Tabaco Network for Self-Development (RTDE, its acronym in Spanish), with the purpose of listening to their concerns, and to give a report concerning the work of the entrepreneurship managers.
- One thousand one hundred sixteen visits to the homes of those receiving RTDE projects.
- Eighty-one meetings with 509 people that participated in the RTDE entrepreneurial training projects.
- Twenty-two meetings with the work team of the Tabaco Physical Rebuilding Project to plan the strategy of communication and information between the Tabaco community and the company, thus complying with the agreement entered into with the Tabaco Pro-Relocation Committee in December 2008.

For more information see the 2009 Sustainability Report, visit [http://www.cerrejon.com/site/Portals/0/Documents/pdf/informes\\_sostenibilidad/INFORME\\_SOSTENIBILIDADI2009.pdf](http://www.cerrejon.com/site/Portals/0/Documents/pdf/informes_sostenibilidad/INFORME_SOSTENIBILIDADI2009.pdf)

- Promotion and prevention activities offered by the hospitals for 31,500 people from the AI in order to assist in strengthening State healthcare institutions.
- Thirty-nine visits to the AI for the purpose of distributing information on the company's environmental management policies. These visits, as outlined in the Environmental Management Plan (EMP), were attended by 1,018 indigenous people from the communities surrounding the local railway and mining operations. These included, traditional authorities, town councils, leaders, teachers, and eleventh-grade students from schools located in Albania, Hatonuevo, Barrancas, and Maicao).
- The Fauna Recovery Centre received 2,217 visitors, mostly from indigenous communities and students.
- Seven meetings of the Air-Quality Oversight Committee were held (for more information see the environmental chapter).
- The Air-Quality Municipal Forum, held in the municipality of Barrancas, in which 94 people participated. These included representatives

- from the Community Action Committees [JAC, its acronym in Spanish], the town council, the municipal council, and the communities in the vicinity of the mining operation, as well as teachers from the University of La Guajira, officials from Corpoguajira, the Barrancas Secretariat of Education, the Barrancas Secretariat of Government, and the Barrancas Secretariat of Finance.
- One thousand and eighteen visitors were received, mainly from indigenous communities, educational institutions, and administrative entities of La Guajira.
- Four events were held in which the Excellence and Fulbright scholarship programs were presented.
- Twenty meetings and follow-up visits were carried out, such as the monitoring plan of the Technical Training Program in alliance with SENA, which will contribute to regional development and reduction in the unemployment rate of young people (18 years old and up) from lower socio-economic backgrounds.
- Eight visible audit forums organized between the Foundation for Institutional Strengthening and the Presidential Program for the Fight against Corruption. These were held with purpose of monitoring the implementation of royalty investment projects of more than \$60 billion, allocated to educational infrastructure, aqueducts, basic sanitation, and low-income housing projects. These were conducted with the active participation of the communities and municipal authorities of Barrancas, Uribia, Albania, and Hatonuevo.

WE RECEIVED  
16,033  
VISITORS  
IN 2010



# 4.1 Safety

*"Cerrejón's vision is to maintain all operations free of accidents and events that may cause injuries to its workers. This must be achieved through responsible management and careful handling of risks. It is our firm belief that our operations should be safe, with well-designed facilities and processes, which, through effective safety leadership, can call upon the participation and commitment of all of our people."*



Héctor Hincapié  
Industrial Safety Manager



Launching of the safety campaign "Behaviours for Life".  
Maintenance Department Personnel.  
The Mine, March 2010.

**F**or us, safety is a corporate value that promotes suitable working conditions for all our employees. With this in mind, we provide key safety programme training and tools to all our employees, and through responsible management we diligently ensure that these procedures are applied. These policies include; Job Safety Analysis (JSA), Behavioural-Based Accident Prevention Process (BBAPP), the CAS Reports (conditions, actions, and near-misses), and the application of the Fatal Risk Control Protocols (FRCP) requirements.

## Objectives

- Eradicate casualties in our operations.
- Improve overall safety performance.
- Increase the perception of risk, self-protection, and the care of other people.

## Strategies

- Strengthen visible safety leadership.
- Ensure contractor safety performance.
- Reinforce operational discipline (in compliance with regulations).
- Implement the Fatal Risk Control Protocols (FRCP).
- These strategies will be adjusted in 2011 based upon recommendations derived from the incident in August 2010.

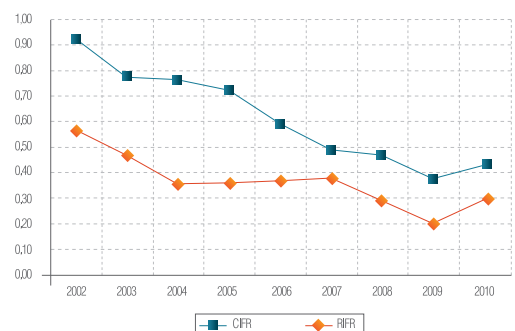
## Safety Results in 2010

### Incidents and Injuries

The recordable injury frequency rate (RIFR) out of the Cerrejón total was 0.41 for every 200,000 work hours, a figure that includes all personal injuries except first-aid treatments. The maximum limit for 2010 was 0.34. The RIFR for employees was 0.38, and that of contractors was 0.44.

The Cerrejón classified or disabling injury frequency rate (CIFR) in 2010 was 0.31, set against a maximum limit of 0.20. The CIFR of employees was 0.32, and that of contractors was 0.30. The total severity rate for the company was 31.2. For employees this rate was 23.9, and for contractors it was 37.1 for every 200,000 work hours.

TRENDS OF THE INJURY FREQUENCY RATES



UNPRECEDENTED ACCIDENT DURING THE RECONSTRUCTION OF SILO N.º 1 AT THE COAL PLANTS, WITH FOUR FATALITIES (AUGUST 4)

INJURY FREQUENCY RATES EXCEEDED MAXIMUM LIMITS FOR THE YEAR



## Comparison Study of National Industry Safety Results (Indexsys)

In 2010, the Research Group on Health, Cognition, and Work of the School of Medicine and Health Sciences of the University of Rosario, presented the results of the Indexsys study, which was carried out to determine the trend of the CIFR and the RIFR within the national industry.

The results showed that the CIFR and the RIFR of Cerrejón employees were among the best within the study, particularly compared to those employees registered within other sectors of the national economy during the period 2007 - 2009.

For more information regarding the health and safety indicators of our employees, please visit <http://www.cerrejon.com/site/Default.aspx?tabid=266>



## Fatalities

On August 4, 2010 a regrettable construction accident took place in coal silo No. 1, in which four fellow workers lost their lives: Luis Alfredo Restrepo, Carlos Enrique Pérez, Luis Manuel Ricardo, and Jairo del Cristo García. The accident took place at the construction site of a new inside wall in one of the silos, a place where the original walls had suffered structural damage. The accident occurred after the completion of the inside wall, when the contractor was getting ready to lower the platform (formwork) used in the silo reinforcement. Fourteen people were on the platform, which was at a height of 35 metres when the accident occurred, and there were a further two fellow workers on the floor of the silo. A timely

response to the emergency and proper medical care enabled us to save the lives of twelve of these people.

We have implemented the improvement actions recommended by the Investigation Committee in order to eliminate these types of incidents, which we continue to deeply regret. To date, we have placed an emphasis on implementing the following actions:

- Update the safety strategies to ensure greater focus on critical risks on the part of our management.
- Review our risk management system.
- Adjust the project management and tender systems in order to reinforce control of critical risks.
- Appoint additional safety personnel for any contracts or projects which may include critical risk activities, so as to ensure an ongoing and independent evaluation of the safety management of any such contracts and projects. These additional provisions will report to the Safety Department.
- Ensure the participation and advice of third-party experts in the definition of any critical risk control actions required in our operations. This is primarily in order to guarantee a suitable evaluation of any risk, while ensuring that any subsequent controls are implemented effectively.
- Reinforce our change handling procedures so as to ensure adequate levels of risk analysis and to ensure the approval of their effectiveness.

## Absenteeism Rates

In 2010, the absenteeism rate was 6.24 and 11.51%, including holidays, for the total of 5,204 employees. Absenteeism due to occupational accidents and diseases (ATEP, its acronym in Spanish) was 1.05%, and for general illnesses it was 2.23%.



Andrés Soto,  
Vice President of Operation Support.  
The Mine, March 2010.

## Summary of the Element Six Indicators of Operational Integrity

The following indicators are a summary of the work carried out within the Occupational Health Program for the management of occupational medicine and industrial hygiene.

OIS INDICATORS 2010		
PROCESS INDICATORS	TARGET	CUMULATIVE
Rate of utilization of personal protective equipment (PPE) for hearing and respiratory protection for uniform risk groups (URG*) C and D (maximum risk)	Average noise and dust 98%	92.6%
Compliance with regular exams.	95% scheduled -100 % total for year	91.9%
Number and percentage of employees exposed to risk agents above the OEL (allowable occupational exposure limits) after taking into account personal protection.	0	0
Number of chemicals utilized without material safety data sheet (MSDS).	0	0
RESULT INDICATORS	TARGET	CUMULATIVE
Incidence of occupational diseases. New cases/Total exposed per every one thousand employees.	Rate of exposure to high hygiene risk (URG D). High-risk employees (URG D)/Total exposed.	0.77
	Rate of exposure to high hygiene risk (URG D). High-risk employees (URG D)/Total exposed.	
■ Industrial noise	NA	49.2%
■ Airborne dust	0	0
Number and percentage of employees in URG C and D for dust with X-rays deemed to be abnormal pursuant to the parameters established by the I.L.O.	0	0

\*Uniform Risk Group (URG). This group is comprised of workers that carry out similar tasks, assuming likewise that they are all exposed to the same risk level in the operation on a daily basis. This is the basic unit used to prevent risks.  
 \*OEL, Allowable occupational exposure limits.  
 NA, Not applicable  
 Group A, Workers that carry out similar tasks with the same risk level, who are exposed to less than 20% of the allowable occupational exposure limits.  
 Group B, Workers that carry out similar tasks with the same risk level, who are exposed to between 20 to 50% of the allowable occupational exposure limits.  
 Group C, Workers that carry out similar tasks with the same risk level, who are exposed to between 50 to 100% of the allowable occupational exposure limits.  
 Group D, Workers that carry out similar tasks with the same risk level, who are exposed to more than 100% of the allowable occupational exposure limits.

## Training in Safety

In 2010, 537 training sessions were carried out with our contractors, focusing on themes of the Operational Integrity System (OIS).

COURSE	PARTICIPANTS	EVENTS	HOURS / PARTICIPANT
Basic safety	6,354	282	25,437
Chemical substances	2,430	82	2,430
Transcultural	947	77	947
Defensive driving - Driving	1,579	96	7,106
<b>TOTAL CONTRACTOR HOURS</b>			<b>35,920</b>

\* See total employee hours in the chapter on human capital.



Patricia Mendoza, employee from the Communications Division, during the launch of the safety campaign called "Protect your hands". The Mine, March 2010.

## Project of Fatal Risk Control Protocols (FRCP).

Cerrejón is undertaking important investments in order to achieve its main goal of safety: Eradicate all casualties in our operations.

The following actions were included within the ongoing project in 2010:

- Install protection systems for dumping action in 336 trucks and 175 medium-weight vehicles.
- Install anti-collision systems in 417 pieces of mining equipment.
- Install automatic localization systems in 748 light and medium-weight vehicles in order to monitor speed and as a collision-prevention system.
- Manufacture safety rails to be installed during maintenance shutdowns of the coal plants and in the Port area in 2011.
- Initiate the identification of signposting needs in November 2010 for energy lockout/tagout.
- Manufacture nine portable structures for spill containment for the fuel islands.

## Third-party fatalities

In 2010, three third-party fatalities occurred on the northern railway. 1) On March 29, Noé Jarariyu,

from the Meerra community, was hit by train No. 674 travelling north at km 8; 2) On May 9, Jorge González Epiayú was hit by train No. 935 travelling north at km 47 of the railway; and 3) On July 17, Francisco Ipuana Epiayú was hit by train No. 1453 travelling south at km 38 of the railway. Fatalities of third parties had previously occurred in September 2008.

Cerrejón's Department of Social Responsibility has already begun to implement the actions recommended by the investigations conducted into the 2010 incidents. These include the following steps:

- Develop social programs to control risky behaviour in critical areas of the railway, focusing on the prevention of alcoholism and the adoption of healthy lifestyles. Contract the external consulting agency Environmental Resource Management (ERM) to review preventive actions aiding in the elimination of fatalities and to recommend additional actions.
- Restructure the Social Management Division for the purpose of adequately supporting the current programs.

## Health and Safety Committees

In 2008, the percentage of total workers represented in joint management-employee Health and Safety committees (established to help control and advise on health and safety programs at work) was 24%. In 2009, this percentage was 25%, and in 2010 it was 24%, comprising:

COPASO	NUMBER OF REPRESENTATIVES
The Mine	8 representatives (4 from Cerrejón and 4 from workers)
Port	4 representatives (2 from Cerrejón and 2 from workers)
Bogotá	2 representatives (1 from Cerrejón and 1 from workers)
<b>TOTAL</b>	<b>14 representatives</b>
OTHER COMMITTEES	NUMBER OF REPRESENTATIVES
Secretariat of Health Sintracarbón	4 (1 national, 3 regional)
Health Committee CCT	9 (3 from Cerrejón and 6 from workers)
Safety Observers	1,160
Operational Integrity Committee for Production	22 (operators)
Operational Integrity Committee for Maintenance	4 (1 representative from maintenance of mechanical and electrical trucks and tyre shop, 1 from construction and welding, 1 from dynamic and electric shovels, and 1 from caterpillar trucks and tyre service vehicles)
Operational Integrity Committee for Operational Services (Coal Handling and Operational Services)	10 (4 from operation support and 3 from coal handling, 2 BBAPP officials, and 1 operational integrity coordinator).
Operational Integrity Committee	25 (vice presidents and managers)
<b>TOTAL</b>	<b>1,234 representatives</b>



# 4.2 Community Engagement

*"Via our CSR policy we seek to efficiently engage with all of our stakeholders, contributing also to the improvement in the standard of living of nearly 235,000 people from 266 communities in the area of influence of our operations, in close alliance with all sectors of society and with different State entities".*



Eduardo Lozano  
Head of the Social Engagement Division



*Presentation of the Cerrejón Symphonic Orchestra, comprising 100 young Guajiros, with the National Symphonic Orchestra. The Mine, April 2010.*

**A**t Cerrejón, we view community engagement as something more than a set of occasional initiatives. In both our philosophy and lifestyle, community engagement extensively encompasses our policy, practice and programmes and is integrated within the company itself. It is through this that we may focus on building an ethical and transparent relationship with all of our stakeholders.

As part of our commitment with the region, in 2010 we carried out numerous health, cultural, recreational, sports, and entrepreneurship initiatives designed to continue to improve the standards of living of all those communities located in the vicinity of our operation. By respecting diversity and actively working to eradicate inequalities within these communities, we help to encourage sustainable socio-economic development for La Guajira. All the social programs that the company carries out for the neighbouring communities are performed within the framework of the Corporate Community Relations Plan.

## Objective

Aware of the socio-economic situation of La Guajira, our efforts concentrate on projects which focus on the welfare of the region's inhabitants by creating conditions that enable long-term sustainability. By using such strategies we help to develop the necessary economic, social and environmental conditions needed for future generations.

## Goals in 2010

- Restructure the Social Engagement Division.
- Involve more Tabaco community members in the Tabaco Network for Self-Development.
- Increase the number of members of the Oreganal Multi-Activity Farming Cooperative (Coopmao).
- Involve the hospital of Uribia in the healthcare programs in order to improve coverage of the area of influence along the railway.

## Challenges in 2011

- Raise our social engagement level to achieve better international standards and practices.
- Improve the capacity for handling social risks that threaten the integrated operation and corporate reputation.
- Achieve articulation between the programs of community relations in social engagement, those of the Unified Environmental Management Plan, and those of the Foundations System.

REDEFINING  
THE ORGANIZATIONAL  
STRUCTURE  
TO MEET  
THE OPERATION'S  
SOCIAL  
REQUIREMENTS

CONSOLIDATION  
OF THE TABACO  
NETWORK  
SELF-DEVELOPMENT  
PROGRAM

COMMITMENT  
ACCOUNTABILITY  
REPORT WITH  
OREGANAL  
COMMUNITY

EFFECTIVE  
CONTRIBUTION  
TO INCREASE  
HEALTHCARE  
COVERAGE OF  
HOSPITALS  
IN THE AREA  
OF INFLUENCE

## Communities in the area of influence

### The Mine

21 communities with approximately 219,649 people.

### Along the Railway

232 Wayuu communities with approximately 14,000 inhabitants.

### In Puerto Bolívar

Our area of influence is comprised of thirteen communities, with 226 dwellings (rancherías) capable of housing approximately 1,180 inhabitants.

## Post-resettlements and entrepreneurship

We seek to strengthen the social fabric of the communities of Tabaco, Oreganal, Remedios, and the merchants of Cuatro Vías, by way of entrepreneurship projects and social engagement programs. These schemes are designed to provide social capital to these communities and thus allowing them to achieve both sustainable development and territorial security.

### Tabaco Programs

- Training in business start-ups
- Primary healthcare
- Creation of direct and indirect employment
- Recreation, culture, and sports
- Formal education programs
- Community organization
- Promotion and funding of production projects.



Meeting for presenting the balance sheet to the community. Oreganal, August 2010.

### Achievements in 2010

- Investment of \$2,300 million in entrepreneurship initiatives between 2008 and 2010.
- This investment includes the physical reconstruction of Tabaco, to be carried out at the La Cruz property, and which we will hand over to the municipality of Hatonuevo.

### Oreganal

In March 2007, the Oreganal Round Table agreement committed Cerrejon to supplying \$2,400 million; the regional Government \$240 million; and the Mayor's Office of Barrancas \$200 million.

### Agreement Achievements in 2010

- Workforce preparation: 89 young people benefited.
- Technical and academic training for young people: 110 young people benefited.
- Creation of direct and indirect employment with the company: 121 people benefited.
- Strengthening of micro businesses and the creation of new ones: 41 people benefited.
- Timely healthcare provided for patients within the community suffering from poor health: 79 people benefited.
- Complete healthcare provided for seniors: 20 people benefited.
- Promotion and funding of production projects: 45 participating families.
- Repair and refurbishment of the community cemetery and church.

Second meeting of the Tabaco Network for Self-Development. Riohacha, December 2010.





## Los Remedios Programs

- Mi Dulce Remedio: The production and marketing of sweets; twelve families benefited.
- Assessment for livestock production; twelve families benefited.
- Start-up of the Chicken Raising project; ten people benefited.

## Achievements in 2010

- Thirty people were trained in cooperativism.
- Fifteen people were trained in good livestock practices.
- Five people were trained in diesel motor mechanics.
- One person was trained in electromechanical maintenance.
- Five people were hired by the contracting company Aramark.

## Cuatro Vías Objective

In collaboration with the Regional Government of La Guajira and the Mayor's Office of Maicao, the Cuatro Vías open-air tourist market project was carried out to support the recovery of the tourism sector. By building a safe and well-organized space within which to offer tourism services, Cerrejón developed a more amenable atmosphere for both tourist providers and their own operations. Through the redevelopment of this area, the risk to local industry posed by proximity to the railroad was diminished, therefore strategically promoting La Guajira as a tourist destination.

## Achievements in 2010

- Development of concept proposals with the group of salespeople.
- Training day in the proper management of solid waste Training programs with the group of salespeople in areas related to the organization and improvement of their business.
- The Regional Government and the Mayor's Office confirmed budgetary availability of \$1,000 million each as input for the agreement preparation.
- Preparation of studies and designs for the open-air tourist market.
- Presentation of the designs to the governor and to the team from the Mayor's Office.

## Relations with communities

### At the Mine Objective

Create two-way communications between Cerrejón and the communities of the AI through activities that strengthen their social fabric in order to improve their satisfaction levels regarding our operation.

### Programs

Community Service Office, community organization and participation, and relations with the indigenous communities of the AI.

### Achievements in 2010

- By way of our agreement with the Waüye Corporation, we agreed to strengthen our capacity for engaging with the indigenous communities within the Mine's area of influence by acknowledging their own culture, coordination between institutions and the Public, as well as intercultural dialogue.

COMPONENT	INDICATOR	
Leadership Training School	60 people trained	46 sessions held
Training in indigenous legislation	102 people trained	12 sessions held
Training in institutional coordination	131 people trained	12 sessions held
Recovering historical memory	25 people participated in the process	
Assistance for governors of town councils	2 governors assisted	

- Rural Youth Entrepreneurship Program. After 150 hours of technical training in Wayuu drawing, a handicraft product, 57 Wayuu craftswomen were certified from the indigenous reservations of Trupio Gacho (19 craftswomen), Provincial (17 people), and El Cerro (21 people), within the framework of the partnership between Cerrejón, the Cerrejón Foundation Indigenous Guajira, and the SENA La Guajira branch. With this certification, the cycle of integral training in the blanket line was completed, having strengthened techniques in dressmaking, embroidery, and painting.
- Seventy craftswomen from the indigenous reservations of San Francisco, Trupio Gacho, Provincial, and El Cerro benefited from good business practices, commercial strengthening, and the entrepreneurship of their production units: Product design and development for each handicraft workshop, costing and devising of price lists, training in "More Sales - More Profit" in the municipality of Barrancas, designing the corporate logo and image for each handicraft workshop, and the participation in trade fairs and events on a regional and national level.



Design of the Cuatro Vías open-air tourist market.  
November 2010.





### How Is the Rebirth of Tabaco Viewed?

*"I believe that a goal will be to see oneself integrated again within joint community activities; no longer each one doing their own thing, but to be involved in the situation of community development. It will be very important for us. I believe that this is what we all desire".*

José Julio Pérez.  
Leader of the Tabaco community and  
of its physical reconstruction project.







*The Coal Route, a program for closing the gap between the Wayuu community and the Cerrejón railway operation. November 2010.*



*Mobile Healthcare Clinic. Media Luna, August 2010.*

## Along the railway

### Objective

Broadcast information on Cerrejón's coal transport process from the Mine to the Port, and raise the awareness of indigenous communities in the vicinity of the railway in the areas of safety, self-protection, and shared responsibility issues.

### Programs

Embrace life, information and communication, Brush Cutting program, and support for the operation.

### Achievements in 2010

Raising awareness of safety, self-protection and shared responsibility within the community of the 3,480 indigenous people living in the vicinity of the railway, based on their customs and traditions. To this end, we used the theatre play Kanain Pain ("Be Careful", in Wayuunaiki), as well as raising the awareness of 144 indigenous people regarding the railway and mining operation in the Coal Route project.

## In Puerto Bolívar

### Objective

Improve the standards of living of residents of the Media Luna communities in the vicinity of Puerto Bolívar by way of housing-improvement programs and opportunities for income generation, and exercising citizenship.

### Programs

Providing training in entrepreneurship for local craftsmen, and ensuring improvements in the quality of fabric handwoven bags and hammocks of SENA-Cerrejón, in conjunction with the Waüye Corporation agreement for social oversight. Training in entrepreneurship and improvement of the fabric of handwoven bags and hammocks of SENA-Cerrejón, within the Waüye Corporation agreement for social oversight; housing design projects for the communities of Pioula and Pioule; handicraft project agreement with the Crea Foundation; sustainable development programs and the Goat-raising project, in partnership with the Cerrejón Foundation Indigenous Guajira; community engagement activities; consolidation of environmental oversight.

## Achievements in 2010

- We trained 31 craftswomen in entrepreneurship and fabric improvement of handwoven bags and double-sided hammocks.
- We presented a handicraft exhibit at the Port facilities.
- We carried out four citizen training workshops, taught by the Waüye Corporation. As a result, 49 people were trained in indigenous legislation and 69 in strengthening communities for institutional and public coordination.
- We started activities for designing 27 houses in the communities of Pioula and Pioule (Malla Sur sector).
- Together with the Foundation Indigenous Guajira, we implemented the first phase of the Goat-Raising Project in Puerto Bolívar, which consists in the characterization of the goat population, a flora and fauna inventory, and a residents' census.
- We assisted the community of Media Luna in repairing their tanker truck, in celebrating their festivals, and in the different activities carried out at the Kamüsüshiw'o Ethno-Educational Institution.
- We created the community environmental supervision, comprised of six people, in which compliance is reported regarding the Environmental Management Plan regulations, and the air quality is monitored.

## Sector Programs in Social Areas for Communities

### Healthcare Objective

Make the services rendered by the State more accessible for the population in the AI, increasing their coverage and quality, and strengthening the institutions responsible for this task in order to achieve their sustainability.

### Achievements in 2010

55,087 healthcare activities\* were carried out in communities along the railway and in communities in the vicinity of the Mine and Puerto Bolívar, in the municipalities of Albania, Hatonuevo, Maicao, Barrancas, and Uribia, for the purpose of providing general and specialized medical care, as well as dental care, and the delivery of medicine with an investment of \$1,153 million.

PROJECT NAME	2009	2010	VARIATION %
Mobile Healthcare Clinics (No. of activities carried out)	8,223	9,490	15
Mobile Healthcare Unit (No. of people treated)	11,220	12,687	13
Visual healthcare activities (No. of people treated)	324	556	72
Training (diploma**) (No. of people benefited)	38	43	13
HIV/AIDS prevention (adults) (No. of people benefited)	376	809	115
<b>Prevention and promotion</b>			
Hospital of Barrancas (No. of people benefited)	18,211	26,871	4
Hospital of Hatonuevo (No. of people benefited)	N/A	3,600	
Hospital of Uribia (No. of people benefited)	N/A	1,031	
Oral healthcare/women (No. of people benefited)	N/A	2,300	
Support for disabled people (No. of people benefited)	N/A	10	
Emergency care/ Humanitarian aid (Approximate no. of people benefited)	N/A	7,000	

N/A: Not available.

\*\*Graduate in primary care for frequent medical problems, agreement with the Javeriana University.

\*Activities refers to general medical consultations, dental consultations, visual healthcare activities, pap smears, laboratory tests, educational activities, prevention and promotion, mammograms, nutrition, delivery of dental kits, activities carried out in the hospital, and visits for basic sanitation.

## Education Objective

In association with authorities and representatives of the educational community, we organized strategies and projects aimed at raising the quality and access to education for children, youth, professionals, and teachers in municipalities in the mine's area of influence.

### Achievements 2010

- Agreement SENA-Cerrejón Foundation for Progress in La Guajira. In 2010, 30 of the young people enrolled in the electromechanics program (2009) and began their work stage with an apprentice's contract; 59 students in the programs of Environmental Management System and Project Execution finished their courses; and 33 students entered the technical program for diesel motor maintenance. The Naves play school in Barrancas was inaugurated as part of the Cerrejón-Day of the Child Corporation accord. This is the fourth municipality to be thus endowed, after Fonseca, Albania, and Uribia.
- **Cerrejón Scholarships for Excellence.** This is the sixth consecutive year for this program, which has financed higher-education studies for 60 young people in different Colombian universities.
- **Fulbright-Cerrejón Scholarship for La Guajira.** Third scholarship awarded to a Guajiro for contributing to the department's socio-economic and cultural development.

## Recreation, Culture, and Sports Objective

- Promote and strengthen the academic achievements of children in the region and foster healthy co-existence for the sake of their emotional and intellectual growth.

### Achievements 2010

- The 10th Cerrejón Department Football Tournament Talented Youth was held in La Guajira and benefited 600 children. The Cerrejón Neighbouring Communities Tournament was held with the participation of 180 children and 80 indigenous communities.
- The Sports Popularization program involved the participation of over 2,000 children from different communities in talks given by Arnoldo Iguarán, a famous Colombian former footballer, to promote education and sports in Guajiro youth.
- One hundred and thirty youths participated in workshops given by the National Symphonic Orchestra of Colombia, which visited the Mine.
- Performance by the Cerrejón Symphonic Orchestra (comprising 90 children) at the International Mining Show 2010, held in Medellín. The Orchestra also gave four educational concerts in Fonseca, Riohacha, and Villanueva, which were attended by over 2,000 people.
- Launching of the ORFF program (in music initiation) in the communities of Media Luna (Puerto Bolívar) and Tabaco (Hatonuevo), and ongoing sessions in Roche, Patilla, Chancleta, Hatonuevo, Oreganal, and Guamachito.



*"With Cerrejón, we have undertaken activities regarding water solutions. For instance, in my community, last year they commissioned a well to be dug in my community. I am thankful to Cerrejón for this. I am truly deeply thankful for this water solution because these are the priority needs communities have, not just Jisentirra, which I represent, but in general. That is why I once again thank Cerrejón since I know that this solves some of the water problems in my community."*

Ricaurte Henríquez.  
Leader of the Jisentirra community,  
at kilometre 83 of the railway to the Port.



*Wayuunaiki translation: Aya'tashi waya Sümaa Cerrejón, süchirua wachajain sükuwaipa wuin, süpüla e'injatuin wanepia ya ere kepian taya; so'u juya alatakat a'ijunüsü wane laa süpülaa wayuu waimaa. Talatüushi taya süma makalaka sain tüü süka shiain choujain main wamuin tü wuinkat, nnojotsü shiain Jisentira anainjatuin sümüiwa sütüma, sümuin jatü Wayuu süpüshuwaya pejepünakat sünain, sükaa e'ipain wuinkat wama'ana anoutasü wakuipa sutuma. Anayawatsüjaa sutuma Cerrejón süka shi'tain wuin wamuin.*

Ricaurte Henríquez.  
Leader of the Jisentirra community,  
at kilometre 83 of the railway to the Port.







## Resettlements

With all resettlement processes, the strategic aim is always to promote the standards of living of those in the affected community. This is achieved through proactively preparing a response plan to the impacts of the relocation process, and thereby allows the communities to lead their own long-term development. In all community resettlement processes, we follow the performance guidelines laid out by the International Finance Corporation (IFC) of the World Bank.

In accordance with the Mining Plan analysis, in 2010 we continued forward with five collective resettlement projects in the communities of Roche, Las Casitas, Tamaquito II, Patilla, and Chancleta. They are all located in the municipality of Barrancas in the department of La Guajira.

### Main Progress in 2010

- The socioeconomic baselines were updated and announced to the five resettlement communities.
- The resettlement impact assessments were undertaken jointly with Roche and Patilla.

- The compensation program (impact responses) was designed for Roche and reviewed together with the Communal Action Committee, resident families, and Indepaz (as an independent community advisor).
- The construction of the Roche housing and community infrastructure was completed in September.
- The Las Casitas housing and infrastructure construction at the new site was delayed by the slowness of the municipality of Barrancas in reviewing its Land Use Plan, a legal requirement for issuing the building permit.
- The design for the spatial distribution of the Tamaquito II housing community was completed with the support of a contractor experienced in indigenous issues. This was to ensure any cultural considerations which may affect the Wayuu community were accounted for.

### Challenges in 2011

- In the second quarter, have the impact analyses reflected in the compensation proposal of the Patilla community for their relocation.
- Ensure that the Chancleta, Las Casitas, and Tamaquito II processes follow in the same wake in order to reach final agreements for their relocation.
- Successfully relocate the 25 Roche families to the new site.
- Build the Tamaquito II housing and infrastructure and make headway with the infrastructure works for building the Las Casitas housing.
- Reach relocation agreements with Patilla community residents and make headway in negotiations with the communities of Chancleta, Las Casitas, and Tamaquito II.

	ROCHE	PATILLA	CHANCLETA	LAS CASITAS	TAMAQUITO II	TOTAL
Total population	100	320	280	80	134	914
Family units for relocation	25	46	56	31	30	188
Uninhabited properties	21	1,443	905	305	Community	2,674
Public lots/buildings	5	3	2	2	0	12
Planned relocation by ethnic or population group	2010	2011				N/A
		Colombian peasants			Wayuu indigenous people	N/A
Community populated area (ha)	14	32	13	22	10	91



Julían B. González, Vice President of Sustainability and Public Affairs, Jairo Vergara, Manager of Social Responsibility, and Angélica Gómez, Communications Division, during the announcement of the zoning study on the La Liga property. Tamaquito community, November 2010.

## Report on Progress in Resettlement Goals

COMMUNITY:	GOALS 2010	PERCENTAGE 2010	OBSERVATIONS	CHALLENGES IN 2011
Roche	1. Finish construction of housing and infrastructure	100	Finished in September 2011	Relocate the 25 resident families
	2. Sign agreements with family units for relocation to new site	0	Process postponed to first half of 2011	Relocate the 25 resident families
	3. Constitute the administrative board for public services	100	Cooperative board administers aqueduct and sewage system	Organize office for collection and control of services
	4. Respond to community claims and requirements	70	Solution pending on claim for dead cattle	Resolve dead cattle
Patilla and Chancleta	1. Finish community infrastructure designs and begin construction	100	Finished	Build housing and infrastructure and agree on Patilla relocation
	2. Hire the consulting firm for identifying and starting up production projects with communities	50	Modified the strategy for production project management	Contract management assistance for production projects based on revised strategy
	3. Respond to community claims and requirements	50	Solution of Chancleta claims pending	Improve Chancleta community cohesion
Tamaquito II	1. Reach agreements on housing and infrastructure and begin definitive designs	100	Under development	Make headway in the construction of housing and infrastructure
	2. Respond to community claims and requirements	100	Resolved with the reception and payment of land purchased for the relocation	Build housing and infrastructure and agree on relocation
Las Casitas	1. Determine number of families for resettlement	100	Finished	Agree on compensation program
	2. Establish criteria and final resettlement site	100	Finished	Undertake pilot production projects at new site
	3. Agree on designs	100	Finished	Make headway in housing and infrastructure construction at new site
	4. Respond to community claims and requirements	0	The population and topography studies were delayed due to hold-ups in agreements with the impacted population	Resolve all complaints filed in relation with the resettlement
	5. Housing and infrastructure	0	Delays in the approval of the Land Use Plan of Barrancas	Obtain building permit for housing and infrastructure and begin construction



Participation of Patilla community in the housing design for the new settlement site. Patilla, April 2010.





*"The resettlement process was put together by Cerrejón and the community. It's a good process. For my family it's a good process. We are pleased, we are at ease. That there were mistakes, well yes. I think that, like in everything, I think there were mistakes on both sides. I think that the community needed to stand together from the beginning, to agree more amongst ourselves. It would have been much better for the process, for all of us to be happy. Anyway, the process is happening and now the idea is for all of us to be happy, for all of us to say it has been a good process and to feel at ease".*

Maricruz Salcedo.  
Worker at the administrative board  
of the Roche public services company.





# 4.3 Human Rights

*"The respect for human rights creates a better climate for our work and the compliance with standards to do so gives our business added value".*

Carlos Franco  
Manager of Social Standards and International Relations.



Community complaints service.

In the course of our operation, we ensure we respect the human rights of our workers, contractors, and communities. In 2010, we concentrated on strengthening our work in the Voluntary Principles on Safety and Human Rights and on the implementation of the Complaints Office pilot conducted with the cooperation of the team of Professor John Ruggie, special representative to the Secretary General of the United Nations for human rights and businesses.

## Objectives

- Train private security contractors in the application of standards derived from the Voluntary Principles on Safety and Human Rights.
- Establish indicators to assess implementation of the Voluntary Principles. Based on these indicators, to draw up a baseline on the performance of the private security, of the public security forces associated with operational security, and of our Security Department.
- Publicize the Complaints Office, its principles, and its means of access; perfect its technological tool for complaints management; and train people in information collection for complaints handling.
- Study our operation's social impacts on the area of influence from the standpoint of human rights.
- Draw up a set of indicators to assess the impact results and the training in human rights.
- Promote human rights in the neighbouring communities.

## Goals in 2010

- Train 821 private security personnel, 74% of the 2010 goal.
- Achieve the attendance of 2,023 people to events showcasing the Complaints Office.
- Draw up the study on social impacts.
- Promote human rights in nine events with 813 people, 81% of the 2010 goal.

LAUNCHING OF THE COMPLAINTS OFFICE SERVING EMPLOYEES, COMMUNITIES, AND CONTRACTORS

PARTICIPATION IN THE MINING AND ENERGY COMMITTEE ON HUMAN RIGHTS IN COLOMBIA

MEMBERSHIP IN THE GLOBAL BUSINESS INITIATIVE ON HUMAN RIGHTS

## Challenges in 2011

- Review the human rights policy and adapt it to the United Nations framework to protect, respect, and remedy.
- Implement the human rights commission agreed upon with the trade union.
- Monitor performance with the indicators established.
- Train the public security forces in application of the Voluntary Principles.
- Hold workshops with communities to assess performance in undertaking security and protection work.
- Consolidate the Complaints Office and provide it with technical and human resources; spread information about its existence and access points; systematize lessons learned; streamline complaints response.
- Finish drawing up training indicators and apply them in order to establish a baseline.
- Adjust the human rights training strategy based on the assessment results.
- Choose actions to mitigate social impacts and execute them.
- Validate the impact and measures study with the communities.

## Voluntary Principles on Security and Human Rights

In undertaking the Human Rights Program, the following activities were performed in 2010 to implement the principles:

### Training in Human Rights

- Sixteen meetings during shift changes of 926 private security guards to present the main Wayuu cultural customs. The aim was to promote better relations between the two groups and to prevent possible negative impacts, particularly with the communities along the length of the railroad tracks.
- Our two private security contractors that provide security for the mining complex signed Appendix E, in addition to Appendix D, concerning the international standard of the Voluntary Principles on Security and Human Rights.
- In 2010, we evaluated the 2009 training by the private security companies to 997 of their employees and decided to train them ourselves. Twenty-two workshops were held at which 821 people were trained out of a target of 1,100, equivalent to 74% of all security guards. The aim was to improve their relations with the Wayuu communities in the framework of the Voluntary Principles on Security and Human Rights.
- In compliance with one of the recommendations by the Third Party Review Panel, we hired the Resource Centre for Conflict Analysis (CERAC, its acronym in Spanish) to prepare indicators to measure the results of human rights training we have held since 2005. The set of indicators will be applied in 2011, and it will allow us to assess and redesign this strategy.
- We held 111 sessions (comprising a total of 140 work hours and 4,408 people) with members of the National Army, employees, school children, employees of private security company contractors, and Tabaco community members.

- The courses focused on the Universal Declaration of Human Rights, the international standard of the Voluntary Principles on Security and Human Rights, our corporate policy, and on the activities of the human rights program.
- We promoted greater knowledge in human rights in the communities in the area of influence through joint work with the Red Cross, La Guajira section, by holding nine play workshops (children's songs and puppet shows).
- In 2010, we gave 23 training hours in general issues of the Universal Declaration of Human Rights and the international standard of the Voluntary Principles on Security and Human Rights, and on the human rights corporate policy, covering 15.14% of employees. This figure is lower compared to the 108 training hours and coverage (43.92% of employees) reported in 2009.



Workshops for private security firms to improve their engagement with Wayuu communities, using the framework of the Voluntary Principles on Security and Human Rights.





*In 2010, commercial transactions with suppliers totalled 500. There were no violations of human rights detected in any of these.*

## WE ENTER INTO COMMITMENTS WITH OUR CONTRACTORS BASED ON THE REQUIREMENT THAT THEY NOT ENGAGE IN CHILD LABOUR OR FORCED LABOUR PRACTICES, OR ANY ACTIONS THAT GO AGAINST THE RIGHT TO FREEDOM OF ASSOCIATION, ACCORDING TO THE THE STIPULATIONS OF APPENDIX D IN THE CONTRACT THAT THEY SIGN WITH CERREJON FOR THE PROVISION OR SALE OF THEIR GOODS OR SERVICES

With regard to forced labour, we strictly comply with Chapter V of our internal regulations on employment, which is based on the Substantive Labour Code provisions on work days and shift work. This stipulates that the maximum legally permitted working day is between 6:00 am and 10:00 pm during the day, and at night between 10:00 pm and 6:00 am. None of our employees work more than 48 hours per week (42 on average) and all work is voluntary. Compliance with these hours is checked with all employees, and under no circumstances are their ID cards retained or their free movement restricted. Thanks to this commitment, there were no recorded issues to report, either in 2009 or 2010.

In addition, we have corporate guidelines on shift work designed for contractors, in which we clearly state the criteria they should take into account when establishing shift patterns, and the requirements that must, by law, be fulfilled with regard to voluntary work.

### Creation of Indicators for the Implementation of Voluntary Principles

Application of indicators for the implementation of Voluntary Principles developed by Cerrejón, Oxy, and the NGO International Alert for the Mining and Energy Committee on Security and Human Rights (CME, its acronym in Spanish). This activity gave us a baseline for applying these principles and developing a strategy to improve our performance in this area.

### Management of Child Labour and Forced Labour Risks

As part of our policy of social and employment responsibility, compliance with employment legislation and international regulations on child labour and forced labour is an express requirement. Respect for children's rights is explicit in chapter XVII of our internal work regulations, and article 104 states: "The Company will not use child labour, which means children below the age of 15." Within this context, there is no potential risk of child exploitation, given that article 105 establishes the following: "Work that is prohibited for women and children between fifteen (15) and eighteen (18) years of age: the company will not employ women, regardless of age, or minors between fifteen (15) and eighteen (18), in activities that are expressly prohibited or in working conditions that imply risks for their health and safety as determined by legislation. (...) In all cases, the company strictly applies the law referring to prohibited work for women and minors (...)."

### Supplier and Contractor Commitment to Respect Human Rights

We enter into commitments with our contractors requiring that they not use child labour or forced labour, or act against the right to freedom of association, according to the stipulations in Appendix D of the contract they sign with Cerrejón for the provision or sale of goods and services.

In 2010 there were commercial transactions with 500 suppliers. No violations of Human Rights were identified in any of these. In addition, 101 new contracts were signed, of which one hundred per cent of suppliers accepted the corporate policies on Human Rights contained in Appendix D.

In the process of verifying respect for Human Rights by our suppliers, the employment practices of 20 companies and 8 co-operatives were audited. Of these 20 companies, 10 were also checked for compliance with clause 6 of the SOI (occupational medicine and industrial hygiene).

## Implementation of the Cerrejón Complaints Office

Throughout 2010, we continued to develop the complaints mechanism in line with the principles and recommendations of John Ruggie, United Nations Special Representative for Business and Human Rights.

The technology tool we use was put to the test for an entire year following receipt of the first real complaints. In addition, we developed a manual for the Complaints Office on procedures to be followed, and we made changes to the tool to improve the follow-up of each case logged in order to guarantee security of information. The pilot included the design of a dynamic dashboard, which allows members of the Complaints Response Committees to obtain a detailed update on case reports, trends, and on the identification of priority and serious issues and to enable their swift resolution.

In parallel, we carried out activities to introduce the Complaints Office to employees, contractors, and communities. During outreach meetings on the Expansion Project, the Complaints Office was introduced to 1,789 members of communities along the length of the railroad tracks.

In addition, 234 employees attended training sessions.

## Discrimination Incidents

In 2010, Cerrejón's Complaints Office logged six formal complaints of discrimination. These data are not available for 2009 given that the Office was just being set up at that time.

## Formal Complaints on Indigenous Rights Received by the Complaints Office

- Three accidents involving persons on the railroad tracks; in each, the indigenous people were found to be under the influence of alcohol.
- Thirty-eight incidents on the railroad tracks involving animals.
- Nine official complaints referring to restriction of movement.
- Seven incidents relating to security services.
- Five complaints relating to the area designated as a reserve at Puerto Bolívar in 1981.
- Two environmental impacts by the operation.

To obtain more information on the work of the Complaints Office, visit <http://www.cerrejon.com/site/Default.aspx?tabid=121>



*The closure of any case investigated by the Cerrejón Complaints Office is based on the principles of "Protect, Respect, and Remedy" as proposed by Professor John Ruggie, the Special Representative of the Secretary General of the United Nations on Business and Human Rights.*



# 4.4 Foundations System

*"The Foundations System is a tool through which Cerrejón effectively and positively contributes to the sustainable development of La Guajira, promoting business enterprise, training public servants and communities in strengthening their institutions, offering the information needed to make rational and appropriate use of water, and contributing to the search for a better quality of life and the celebration of the ancestral values of ethnic peoples situated throughout the length and breadth of the department".*



Julián B. González  
Vice President for Sustainability and Public Affairs



Photo by Wilmer José Herrera.  
Cerrejón Photography Competition, La Guajira, 2010

The Cerrejón Foundations System was created in 2008 to create impact in four areas related to La Guajira's development: the promotion of business ventures, the integrated management of water resources, institutional strengthening, and support for indigenous communities. Within this conceptual framework, each foundation has developed a work scheme with its own objectives and challenges, each supported by both an independent and qualified management committee and the allocation of resources for the specific tasks of each initiative.

In 2009, the foundations implemented social investment projects and programs to the value of approximately \$7,000 million and in 2010 this figure increased by around 60%, with an estimated investment of \$11,000 million\*, which benefited around 20,000 Guajiros last year.

The Cerrejón Foundations System comprises the Cerrejón Foundation for Water in La Guajira, the Cerrejón Foundation for Institutional Strengthening in La Guajira, the Cerrejón Foundation Indigenous Guajira, and the Cerrejón Foundation for Progress in La Guajira. Through these foundations, a total of 83 programs and projects were implemented in 2010.

*\*This figure includes donations received from Cerrejón during 2010, others received from third parties, and amounts accruing from previous years.*



fundación  
**Cerrejón**  
agua-guajira



fundación  
**Cerrejón**  
fortalecimiento  
institucional



fundación  
**Cerrejón**  
guajira indígena



fundación  
**Cerrejón**  
progreso

To obtain further information on the Cerrejón Foundations System, visit  
[www.fundacionescerrejon.org](http://www.fundacionescerrejon.org)





Implementation of SODIS, the solar water disinfection model. Media Luna, September 2010.

La Guajira is considered one of the most arid and semi-arid zones in South America, with temperatures that reach 45 °C and an average rainfall of 500 millimetres per year. This means that safe water is a priority issue in terms of our social responsibility work.

The Cerrejón Foundation has defined three workstreams related to solutions for water supply, sanitation and hygiene, and for the comprehensive management of water resources. To ensure the success and continuity of these initiatives, it has established results monitoring, follow-up, and evaluation systems.

### Objective

To be the best partner for La Guajira residents and the most widely recognized deliverer of social projects that are participative and sustainable, and aimed at promoting safe water supplies and the adaptation of communities to climate change.

### Challenges in 2011

- Implement 16 additional solutions for water supply.
- Deliver training in sanitation, hygiene, and best practices in water use to around 1,500 people.
- Embed a sustainability scheme for the maintenance of 56 windmills in indigenous communities through the creation of at least five water committees.
- Design a school sanitation infrastructure adapted to the Wayuu cosmovision, constructed jointly with the educational community that will benefit 800 people.
- More than 1,500 people will benefit from the sustainability scheme at the Gran Vía Reservoir, which will supply freshwater.

For further information on the Cerrejón Foundation for Water in La Guajira, consult

[http://www.fundacionescerrejon.org/secciones/FUNDCERRE/HOME/FUNDACIONES/AQUA/QS/seccion\\_HTML.jsp](http://www.fundacionescerrejon.org/secciones/FUNDCERRE/HOME/FUNDACIONES/AQUA/QS/seccion_HTML.jsp)



11,907  
BENEFICIARIES

5,400  
PEOPLE HAVE  
BENEFITED FROM  
THE REPAIR OF  
36 WINDMILL  
PUMPS

10 WATER-SUPPLY  
SOLUTIONS  
HAVE BEEN  
CONSTRUCTED  
IN HAND WITH  
THE COMMUNITY  
(RESERVOIRS, WELLS,  
AND STORAGE WORKS)

58 FAMILIES  
HAVE WORKED  
ON THE RECOVERY,  
PROTECTION, AND  
LAND USE PLANNING  
OF THE PALADINES  
MICRO-BASIN  
AS PART OF FOOD  
SECURITY PROJECTS

800 PEOPLE,  
FOR THE MOST  
PART CHILDREN,  
HAVE RECEIVED  
TRAINING IN  
SANITATION AND  
HYGIENE AND  
HAVE BEEN ABLE TO  
CONSUME SAFE WATER  
USING THE SODIS METHOD



## Cerrejón Foundation for Institutional Strengthening in La Guajira



Training on Royalties for Overseers and Leaders.

**R**oyalties derived from non-renewable natural resources constitute a single and transitory opportunity to support social investment that could result in better standards of living for La Guajira inhabitants. The importance of promoting transparent and efficient investment of mining royalties was the originating aim of the Cerrejón Foundation for Institutional Strengthening in La Guajira. The foundation was established with the goal of consolidating local and public institutions with the participation of civil society in overseeing regional financial resources.

The purpose of the foundation is therefore the promotion of exemplary institutional management by local government and authorities in the department of La Guajira and in processes for the planning, execution, and evaluation of the public matters they are accountable for. The foundation attempts to champion informed and responsible participation by the citizens and communities of La Guajira in those decisions that directly affect them. This is achieved through four workstreams:

- Citizen participation and social oversight of royalty investment.
- Modernization of town halls and other territorial administrative entities.
- Education in public administration and opinion forming.
- Access to justice and alternative means of conflict resolution.

### Objective

The foundation's mission is to work with Cerrejón and its Foundations System in achieving transparent, efficient, and effective management of public institutions within the La Guajira department and the subsequent empowerment of its civil society, thereby helping to advance the fair and sustainable development of the region and the peaceful coexistence of its citizens.

### Challenges in 2011

- Involve 280 young people from 24 educational institutions and four municipalities in citizen participation projects and the oversight of royalty investment.
- Implement transparency agreements and audits on royalty use totalling \$49,000 million across the municipalities of Uribia, Barrancas, Hatonuevo, and Albania.
- Execute technical assistance and training programs for eleven social oversight groups in indigenous and non-indigenous communities from four municipalities in order to ensure the effective oversight of social investment programs financed with royalties.
- Improve planning and investment capability in the municipality of Fonseca with the support of the Ford Foundation and Acción Social.
- Work together on the construction of three Court Houses and the training of 70 arbitrators for fairness in order to widen access to justice for indigenous and non-indigenous people in Riohacha, Barrancas, and Uribia.

For further information on the Cerrejón Foundation for Institutional Strengthening in La Guajira, consult [http://www.fundacionescerrejon.org/secciones/FUNDCERRE/HOME/FUNDACIONES/FOR/QS/seccion\\_HTML.jsp](http://www.fundacionescerrejon.org/secciones/FUNDCERRE/HOME/FUNDACIONES/FOR/QS/seccion_HTML.jsp)



IMPLEMENTATION OF TRANSPARENCY AGREEMENTS WITH THE PRESIDENTIAL PROGRAM FOR THE FIGHT AGAINST CORRUPTION, NATIONAL PLANNING DEPARTMENT, AND FOUR AND 4 MUNICIPAL TOWN HALLS: ROYALTY PROJECTS TOTALLING **74,000 MILLION**

**70** JOURNALISTS TRAINED IN ROYALTY ISSUES

IMPROVEMENT OF ROYALTIES INFORMATION ON THE WEB PAGES OF **4** TOWN HALLS

**40** COMMUNITY LEADERS TRAINED IN HOW TO ACCESS INFORMATION

**180** HOURS OF TRAINING IN LAND MANAGEMENT FOR AROUND **150** PUBLIC ADMINISTRATORS



The Foundation seeks to advance the comprehensive and cultural development of ethnic groups within the department, which represent 44% of the population of La Guajira and which are an invaluable asset for Colombia and the rest of the world.



The Foundation supports the offerings ceremonies as these represent one of the most important spiritual offerings for the four ancestral peoples of the Sierra Nevada. Cabo de La Vela, La Guajira, July 2010

**T**he indigenous population of La Guajira represents more than 40% of department inhabitants, a percentage that comprises ethnic Wayuu, Wiwa, and Kogui. The foundation supports and encourages innovative and sustainable initiatives to strengthen the social fabric of indigenous communities settled in La Guajira and contributes to improved use and conservation of their natural resources.

**Objective**

To collaborate with the indigenous people of La Guajira in developing sustainable opportunities and standards of living in their communities. This will be achieved within a framework of sustainable development, through driving business investment, strengthening existing institutions, contributing to the conservation of natural resources and reinforcing the cultural heritage of these communities.

**Challenges in 2011**

- Expand the coverage of food security programs (35% for the indigenous population located in the AI of the railroad tracks, benefiting 250 Wayuu families.
- Establish five new micro-businesses for handicraft production within the Wiwa and Kogui communities.
- Extend the Safe Territory program, which aims to minimize accidents on the railroad tracks (35% of communities adjacent to the tracks).
- Extend the Asawa Apiculture program by 30% amongst the Wayuu.
- Work towards covering up to 20% of the total foundation budget from State or international cooperation institutions.

For further information on the Cerrejón Foundation Indigenous Guajira, consult [http://www.fundacionescerrejon.org/secciones/FUNDCERRE/HOME/FUNDACIONES/INDI/QS/seccion\\_HTML.jsp](http://www.fundacionescerrejon.org/secciones/FUNDCERRE/HOME/FUNDACIONES/INDI/QS/seccion_HTML.jsp)



**10,400**  
INDIGENOUS  
PEOPLE  
BENEFITTED

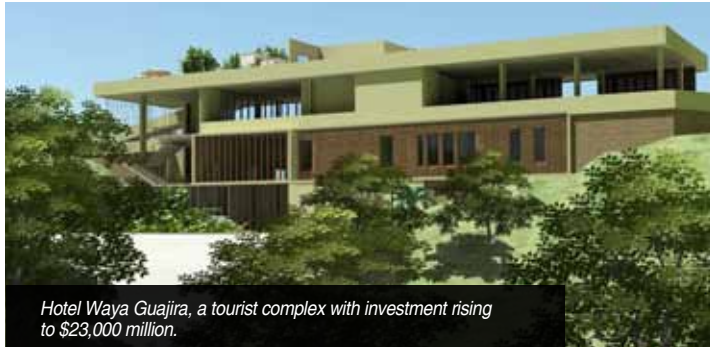
**31,000 M<sup>2</sup>**  
OF LAND  
INSTALLED  
WITH DRIP  
IRRIGATION  
SYSTEMS

**30** COMMUNITIES  
EMPLOYED  
IN HONEY  
PRODUCTION

**9** HANDICRAFTS  
AND CLOTHING  
COMPANIES FORMED,  
SUPPORTING  
**250** INDIGENOUS  
FAMILIES

**750** INDIGENOUS  
PEOPLE ATTENDED  
**30** MEETINGS ON  
STRENGTHENING  
THEIR COMMUNITIES  
**2,500** INDIGENOUS  
PEOPLE TRAINED IN  
BUSINESS ADMINISTRATION  
AND ORGANIZATION  
STRENGTHENING





*Hotel Waya Guajira, a tourist complex with investment rising to \$23,000 million.*



*The hotel occupies 8,100 m<sup>2</sup>, and consists of 140 rooms and 17 traditional lodges with 102 hammocks designed for eco-tourism. It has a swimming pool, spa, restaurants, and a convention hall.*

**T**he foundation promotes economic development in the area through creating and strengthening local employment generating companies. These schemes are sustainably developed in such a manner so as to outlast any current mining contracts. To achieve this aim, it invests financial, technical, and human resources to support the communities own resources. In doing so, the foundation works with other national and international agencies to help foster an entrepreneurial, business culture within the community.

The foundation has defined three streams of activity: agricultural projects, tourism development, and the industrial sector in La Guajira.

## Objective

The mission of the Cerrejón Foundation for Progress in La Guajira is to generate economic growth in the department through the promotion of national and international investment. This economic growth will generate the creation of sustainable businesses that will last beyond current mining activity in the region.

## Challenges in 2011

- Make progress in the construction of the Hotel Waya Guajira.
- Begin the construction of the La Guajira Interactive Museum.
- Produce the pilot program's first potato harvest.
- Start the agreement with the consortium responsible for the construction of the tyre and plastic recycling plant.

For more information on the Cerrejón Foundation for Progress in La Guajira, please go to [http://www.fundacionescerrejon.org/secciones/FUNDCERRE/HOME/FUNDACIONES/PROG/QS/seccion\\_HTML.jsp](http://www.fundacionescerrejon.org/secciones/FUNDCERRE/HOME/FUNDACIONES/PROG/QS/seccion_HTML.jsp)



STARTING  
THE CONSTRUCTION  
OF THE HOTEL  
WAYA GUAJIRA

DESIGN AND  
PRODUCTION OF  
CONTENTS FOR  
THE LA GUAJIRA  
INTERACTIVE  
MUSEUM

PILOT  
PROGRAM  
START-UP  
FOR PLANTING  
10 HECTARES  
OF POTATOES  
IN LA GUAJIRA

ORGANIZING  
THE TYRE RECYCLING  
PROJECT FROM  
THE COMPANY'S  
HEAVY MINING  
TRANSPORT  
EQUIPMENT

# 4.5 Human Capital

"A collective thanks to all Cerrejón workers for what we have built and achieved together, and for everyone's commitment. Thanks for being Cerrejón!"



Philip Potdevin -  
Human Capital Manager



At Cerrejón we consider compliance with national and international legislation absolutely essential, particularly in the areas of; child labour, forced labour, health and safety at work, freedom of association, the right to collective bargaining, discrimination, disciplinary measures, working hours, and remuneration.

**A**t Cerrejón, our human capital management is designed so that our people are one of the organization's most important assets. We have four key workstreams for employee development:

- Organizational culture, aligned with the values and principles of the Cerrejón Way.
- Improvement in performance standards through training programs, development plans, and clear processes for evaluation and follow-up.
- Recognizing individual and team successes.
- Building ever-closer relationships with workers and their families in order to contribute to a good work environment.

## Objective

To create the necessary organizational conditions to attract, motivate, train, develop, and maintain the ideal human talent. At the same time, to provide a sufficient guarantee of the knowledge and conditions required to deliver world class operational standards so that our team members can enjoy an excellent work environment.

## Goals in 2010

- Continue the internalization of our identity and culture organizational model, the Cerrejón Way, to raise awareness in our technical employees, their families, and contractors.
- Drive the safety value through the Cerrejón Way throughout all supervisory levels and those responsible for contract administration.
- Strengthen the evaluation and follow-up system for employees and their development plans.
- Implement a flexible benefits strategy.

## Cerrejón Leadership Model



To obtain more information on our human capital policies, see <http://www.cerrejon.com/site/Default.aspx?tabid=117>



To understand more about our leadership model, visit <http://www.cerrejon.com/site/Default.aspx?tabid=383>



US\$1.9  
MILLION  
INVESTED  
IN TRAINING AND  
DEVELOPMENT

291  
CORPORATELY  
RECOGNIZED  
PARTNERS

2,636 PEOPLE,  
INCLUDING EMPLOYEES,  
FAMILIES  
AND CONTRACTORS,  
ARE NOW FAMILIAR  
WITH THE  
CERREJÓN WAY

DEFINITION  
AND START-UP OF  
THE PROGRAM  
FOR WORKFORCE  
REINTEGRATION

CREATION OF  
A DIVISION FOR  
EMPLOYEE  
RELATIONS  
AND DEVELOPMENT



## Challenges in 2010

- Continue with the development of programs focused on strengthening leadership in safety culture.
- Strengthening the leadership culture, empowerment, self-control, independence, and trust in order to consolidate the principles of the Cerrejón Way.
- Redesign and implement the Individual Development Program (IDP) in line with current business needs, the needs of the market, and worker expectations in order to maintain a competitive workforce.
- Implement programs focused on improved relationships between the management of Human Capital and employees.
- Improve productivity indicators by relocating workers with limitations in workforce reintegration processes.
- Generate high-quality scientific knowledge so that our occupational health programs are an example to the entire mining industry sector.

## Our Human Resources

In 2010, our resources totalled 9,537 people, including contractors as well as employees. The statistics related to our people are as follows:

### Distribution of the Workforce By Contract and by Type of Work

Of the 5,204 people employed directly by the company, 4,332 were technical staff, all of which had appropriate levels of supervision, and 872 were professional staff, corresponding to 83.2% and 16.8% respectively. In 2009, these percentages were similar. Of the total number of employees, 991 were temporary (19%), 945 technical and 46 professional.

All our directly employed staff work full-time, and the majority have an indefinite employment contract. Only a small percentage of these are personnel from temporary staff agencies that are licensed to provide replacements for employees on staff.

### Age Profile

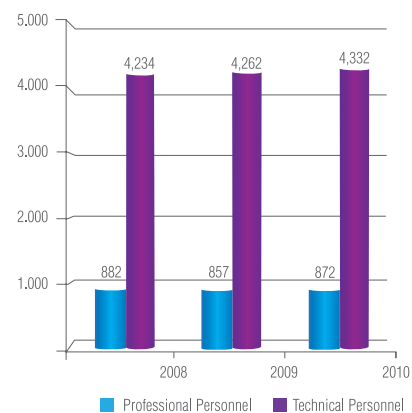
The 2009 trend was maintained, with most employees between the range of 41 and 50 years old, covering 1,905 employees (1,614 technicians and 291 professionals).

There were 982 employees between the ages of 21 and 30 years (854 technicians and 128 professionals).

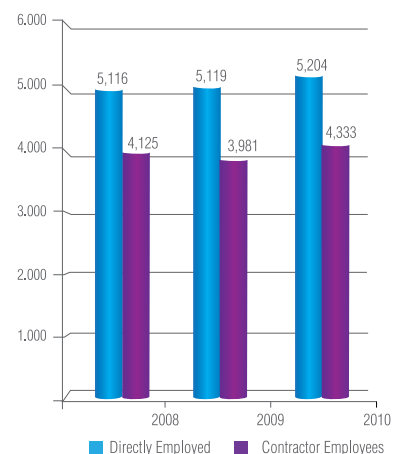
There were 7 technical employees below 21 years of age, and 1,162 employees who were between 31 and 40 years of age (972 technicians and 190 professionals).

There were 1,131 employees between 51 and 60 years of age, and 17 above the age of 60 (12 technicians and 5 professionals).

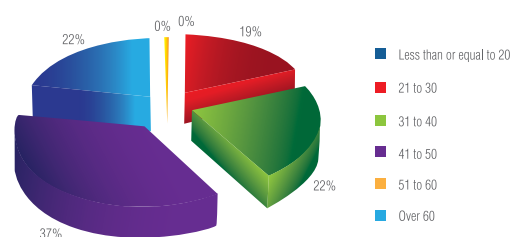
Of the total number of employees, 22 were part of Senior Management (president, vice presidents, and managers), 13 of which were between 51 and 60 years of age, and 79 were heads of division, mostly within the same age range.



BY CONTRACT TYPE



BY EMPLOYMENT TYPE



BY AGE

## By Gender

In 2010, 5.9% of employees were women (306), 15 more than in 2009, and 94.1% were men (4,898), 7 more than the previous year. A greater percentage of men filled technical roles, while the majority of women worked in professional functions.

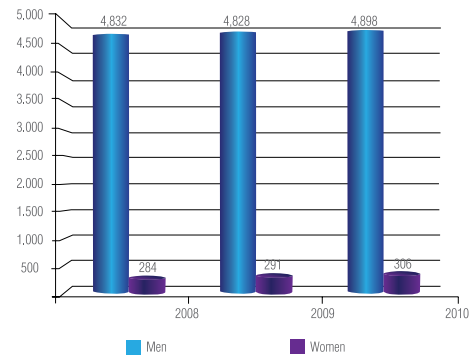
## By Origin

As part of our diversity policy, we support the employment of qualified personnel who are from our area of influence. Therefore, in 2010 we hired 602 people, of which 388 were operational personnel, and of these, 46% were from surrounding communities. In 2010, there were 3,201 employees from the department of La Guajira (of which 206 are Wayuu), which equates to 6.4% of employees from La Guajira. 1,460 employees came from the Atlantic Coast, and 539 from the rest of the country. We recruited four employees from abroad.

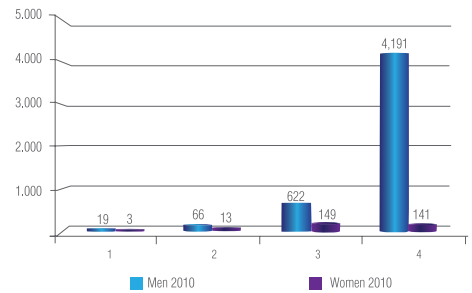
## By Service

Out of the total employees, 2,097 have more than 20 years' service. This means that 40.2% have been working 20 years or more in the company. Those with 3 to 5 years' service represent 17%, with this category representing the second-largest service-length group.

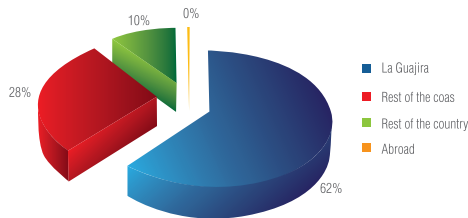
EMPLOYEES BY GENDER 2008-2010



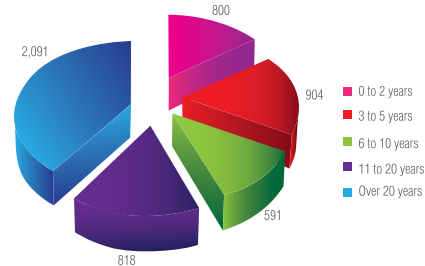
EMPLOYEES BY POSITION 2010



SEGMENT	WOMEN	MEN
1. Managers and above	14%	86%
2. Division Heads/Superintendents	16%	84%
3. Other professionals	19%	81%
4. Technicians	3%	97%
<b>Total</b>	<b>6%</b>	<b>94%</b>



BY ORIGIN

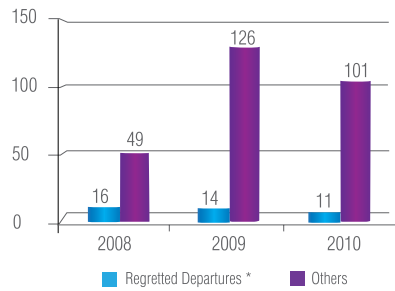


BY LENGTH OF SERVICE



Alexander Gómez and Moisés Augusto Gómez, father and son, a family united around Cerrejón.





\*Voluntary departure of employees with high development potential or that occupy critical positions within the company.

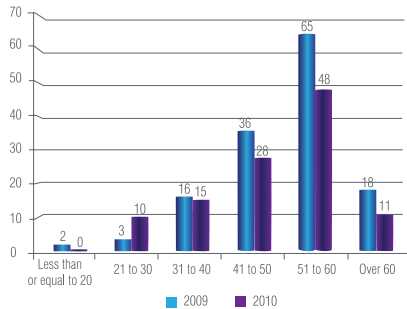
### Turnover by Gender

Men have the highest turnover, at 2.4%, belonging mostly to the professional group. For women, the turnover was 0.3%, which is substantially less than in 2009.

*Amongst male and female departures, 11 were regretted.*

### Average Turnover

In 2009, there was an average total turnover of 3.4%, and in 2010 there was an average of 2.7%



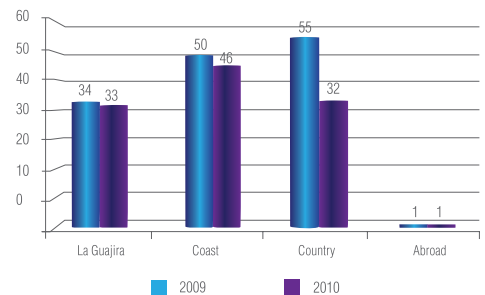
### Turnover by Age Range

Turnover diminished in all age ranges, with the exception of the 21-30 age range, in which there were seven more departures than in 2009.

The highest turnover occurred in the 51–60 age range (1.2%) due to generational turnover, which is a significant decrease with respect to 2009.

### Turnover by Region

Employees recruited from the rest of the country registered the highest turnover rate, followed by those from the Atlantic Coast, with a turnover of 2.7% (112 people).



*We are committed to the comprehensive development of our employees, a commitment that forms an essential part of Cerejón's work, along with the adoption of national legislation and applicable labour and social rights.*



*Through the 20/20 program, we attract professional and skilled young people from the region to prepare them as the talent base for the generational turnover that we began some years ago in the company.*

## Attraction and Selection of Talent for Cerrejón

### Hiring of Senior Executives and Employees

Open applications is the means of offering employment mobility to workers. On the other hand, we also select and recruit employees externally based on their personal, educational, and professional merits, giving priority to those who are from our areas of influence. Our equal opportunity policy maintains all applicants are considered without regard for race, religious affiliation, origin, sexual orientation, gender, or age.

### 20/20 Program

This program provides qualified young professionals with focused training, allowing them to develop their skills and knowledge at Cerrejón contributing to the achievement of business goals and targets in their respective areas.

This initiative, established as a response to generational turnover needs of the company, is aimed at 20 professionals under 30 years of age. The initiative allows these recruits to contribute their creative potential to the company through discipline and dedication, and it is hoped these innovative ideas contribute to the continued progress of Cerrejón.

### Program Characteristics

- 18-month contracts, during which time they have two assignments.
- Allocation of a permanent mentor.
- Development plan: training and the establishment of performance objectives for each assignment.
- The possibility of competing in selection processes for company employees.

"THIS PROGRAM  
ALLOWS US TO BELONG TO  
A WORK GROUP WHERE  
WE ACQUIRE A WIDE  
RANGE OF KNOWLEDGE,  
PRACTICE AND EXPERIENCE,  
WHICH IS USEFUL FOR  
INDIVIDUAL DEVELOPMENT  
IN THE ORGANIZATION."

JULIÁN ARIAS  
- NEW EMPLOYEE,  
MEMBER OF THE 20/20 PROGRAM.



*We provide equal opportunity employment, in line with relevant legislation, for individuals qualified to perform the work.*



## Remuneration

YEAR OF PERFORMANCE	2004	2005	2006	2007	2008	2009
YEAR OF INCREASE	2005	2006	2007	2008	2009	2010
1. Professional increase	6.3%	6.0%	5.7%	9.1%	11.1%	5.8%
2. Technician increase	8.0%	6.0%	7.7%	7.2%	11.0%	7.0%
3. SMMLV variation	6.6%	7.0%	6.3%	6.4%	7.7%	3.6%
4. CPI	5.5%	4.9%	4.5%	5.7%	7.7%	2.0%

Our compensation philosophy is orientated towards a remuneration package that allows us to attract, retain, and reward our people. The basic principles are: competitiveness, pay for level of responsibility, performance, and skills; fairness; management of poor performance; bonuses commensurate with performance; accountability; non-financial recognition; and employee development.

We are recognized for maintaining high operational standards and for the benefits we provide our employees. Salary increases are above the consumer price index (CPI), and the current statutory monthly minimum wage (SMMLV, its acronym in Spanish). Currently, an operator/technician earns a minimum base salary of \$1,448.000, which is 181% more than the SMMLV for 2010. None of our employees are paid at the SMMLV level.

### Salary Differential between Men and Women

Although women have fairly recently entered Cerrejón at the technicians' level, our remuneration policy seeks to ensure that they have equal compensation and benefits to those of men.

	Men's average salary / women's average salary = The proportion of men's salary to women's		
	2008	2009	2010
President	N/A	N/A	N/A
COO	N/A	N/A	N/A
Vice Presidents	99.97%*	100.61%	95.37%*
Managers	N/A	137.37%	137.49%
Heads of Division	97.20%*	102.46%	100.95%
Other Professionals	125.11%	121.68%	124.80%
Technicians	121.04%	126.58%	130.96%

\*Cases in which the average salary for men was less than for women.  
N/A: There are no women in these positions.

In 2010, women's salaries, as a percentage of men's, were higher. Salaries below 100% refer to those where the average salary for women was above those of men. Salary differences are in line with employees' service and experience. Our objective is to minimize differences through the implementation of policies for new employees.



More than 2,000 people are responsible for ensuring that Cerrejón's production team is ready to guarantee normal and efficient operations.





## Promotion

In order to motivate the holistic individual development, in 2008 the open applications policy was approved, covering technical and professional vacancies at levels 1 and 2. In 2008, there were 30 internal postings for open application, which resulted in the selection of 17 employees, 8 technical and 9 professional. In 2009, there were 31 internal postings for open application and 14 employees were selected. In 2010, there were 20 postings from which 10 employees were selected, which represents 50%.

## Training and Development

### Coverage

In 2010, we worked hard to strengthen safety training for middle levels in Cerrejón (superintendents and supervisors). There is consequently an average of around 56 hours of classroom training per employee during the year.

	HOURS OF TRAINING 2010	EMPLOYEES BY CATEGORY	AVERAGE HOURS TRAINING PER EMPLOYEE
Managers and Above	127	22	5.77
Heads of Division/ Superintendents	2,624	79	33.22
Other Professionals	37,334	771	48.42
Technicians	249,920	4,332	57.69
<b>TOTAL</b>	<b>290,005</b>	<b>5,204</b>	<b>55.73</b>

To support this development mechanism, we have established several training programs in the skills required for technology change and the evolution of our business.

In addition, we exceeded the number of training hours planned for 2010, especially in management instruction (supervision) and OIS (safety). The proposal is to strengthen capability in functional roles in 2011.

CATEGORY	TRAINING HOURS PLANNED FOR 2010	TRAINING HOURS IN 2010	% FULFILLED
Personal Effectiveness	5,857	5,577	95%
Functional	67,991	33,063	50%
Management	6,160	16,249	264%
OIS	56,761	105,343	186%
Operational	135,968	129,772	95%
<b>TOTAL HOURS</b>	<b>270,737</b>	<b>290,005</b>	<b>107%</b>
CATEGORY	ACTUAL	BUDGET	% FULFILLED
TRAINING COST US000	1,762	1,911	108%
TRAINING COST PER PERSON US000	311	337	108%

## Training Programs

### Cerrejón Leader Program

This program covers training in managerial skills and is based on the Cerrejón Leadership Model (MLC, its acronym in Spanish). Senior and middle management is the target population. A total of 396 people took the program in 2010. Its four guiding principles are:

Decrease in gaps between the MLC, the Great Place to Work (GPTW) survey, and managerial needs.

Involvement of senior management in the project.

Creation of spaces for individual growth and responsibility for his or her own development.

Participation of business partners as Coaches of participants in owning their development plans.

### SENA Accord

This agreement signed with the SENA aims to strengthen the company's levels of productivity, competitiveness, and technological development. It is founded on the following training lines:

- **Senior management.** Updating of managerial skills to optimize strategic decision-making. The target was professional staff (tactical and strategic) involved in decision-making. SENA contributed \$1,000 million.
- **SENA-Cerrejón Training.** This training covers our workers' needs for technological updates. It is aimed exclusively at operational personnel and had a SENA contribution of \$450 million.

### Essential Leadership

This training program is aimed at encouraging behavioural changes in our technical workers to create a culture of greater empowerment, self-control, participation, and trust, which is then projected out into the family, community, and work environment.

The skills identified and strengthened in the program modules are taken into account in performance evaluations and, over time, they are integrated into the Individual Development Plan (PDI, its acronym in Spanish).

### Leadership in Safety

This initiative from Human Capital and Safety responds to operational needs by causing changes in individual and collective culture in order to establish safety as a value in all company operations, a definite respect for the rules, adherence to procedures, and effective compliance.

This program aims to foster a review of awareness levels and value scales in supervisors so that they are able to shoulder their responsibilities and actively participate in the process. It also aims to generate ongoing, sustained improvement in each production unit through effectiveness in leadership and its skills as multipliers of safe behaviours.

The program focuses on developing skills related to safety and leadership while also implementing mentoring and coaching for supervisors, personal acting and contractors. The program premises are:

- Visible and exemplary leadership has a direct impact on the company's safety culture.
- The support of the work group of each program participant aids in an initial diagnosis indicating how the supervisor is perceived.
- Work starts from being so it is reflected in doing
- Each supervisor needs a development plan in which the boss actively participates.
- The role of assistance and consultancy needs strengthening in safety analysts, Operational

*By training through the simulator, apprentices can perform all the operational tasks.*





Integrity coordinators, and Training Centre instructors.

- The program should spark participant interest in learning the technical details of the position in order to be more accurate in their management.
- We seek to strengthen accountability.

In 2010, 40 events initiated by the program took place (6 for mentor groups and 34 for participants), with a total attendance of 843 participants.

### Talent Pool

This program is designed to identify key company positions requiring special attention, both on a managerial level and on a decision-making level, and the degree of technical specialization needed.

Through the performance evaluation, we identify people whose contribution and skill development mean they are part of Cerrejón's talent pool and could therefore occupy key organization positions. Program benefits include structuring specialized development plans for persons from the talent pool, and focusing on the maintenance and development of skills needed by the company.

The main benefit of this new process is to create retaining programs that promote the growth and permanence of an adequate talent pool prepared to address organizational changes.

### Tecnocerrejón

Nearly three years ago, Tecnocerrejón was created to address the technical skills development of our operators and technicians through two motivators:

- **Technical Knowledge Learning Center** (Tecklec) supports generational turnover and skills certification in our operators and technicians.
- **Junior College** strengthens the long-term sustainability of La Guajira by generating human capital for the private and public sectors in technical, technological, specialist, and post-graduate levels. It also aims to improve the quality of the Tecklec Achievements.

### Tecklec achievements

- Start-up of apprenticeship management system. Development of:
- Curriculum of Tecnocerrejón pre-engineering and preparatory.
- Methodology of capturing critical knowledge to deal with the generational turnover.
- Methodology for online mining courses.
- Online course for a mining truck model.

## Research Programs

### Cerrejón-Colciencias Financing of Research Projects

Cerrejón and Colciencias (Administrative Department of Science, Technology, and Innovation) signed a Framework Accord for Technical Cooperation in 2008. The goal is to join technical, administrative, and financial forces in order to:

- a) Support research, technological development, and innovation to solve needs and implement new technologies in the Colombian mining and energy sector.
- b) Support projects for the innovation and improvement of energy-generation processes allowing the implementation of mechanisms tending to reduce greenhouse gas emissions (GHG).

In 2010, Colciencias and Cerrejón joined technical, administrative, and financial forces to once again (2011) call for eligible projects.

The projects must be orientated to resolving needs and developing new technologies in the mining and energy sector, as well as to improving the technical, operational, and financial performance of Cerrejón and of the nation. They must fall within the following thematic lines:

- Regulation for alternative methods of mining exploitation: underground coal gasification (UCG), coal bed methane (CBM), and so on.
- Boost business opportunities arising from the production of coal-based activated carbon in La Guajira.
- Develop technological innovations to improve measurement of the environmental impact of Cerrejón's mining operation. Design of receptor models for the analysis of air-quality data.
- Biofuels: Development of the *Jatropha curcas* in La Guajira.

The projects selected will be co-financed (60% Cerrejón, 40% Colciencias).

## Chemicals Management Program

The handling of chemical substances entrains numerous health and environmental hazards. Training our workers in the handling of the identification and communication systems for chemical substances is fundamental to ensure the safe use of these materials and the identification of any hazards they may be subsequently exposed to.

This program aims to supply basic knowledge for interpreting, recognizing, and identifying the chemical substances used and controlled by the company. It also seeks to provide certain tools which enable participants to handle such hazardous substances safely by establishing strict protocols which they must comply to. This is to control, and therefore avoid, any fatal risks which may arise from the handling of any dangerous substances.

## Recognition and Benefits

### Performance Management

Personnel management processes have been revised in order to reflect the Cerrejón Way and its leadership model. Planning, monitoring, and assessment of performance (skills and KPIs) have been provided with technological tools.

A formal performance assessment was given to 100% of professional personnel and to 90% of technical staff during the reporting period.

## Benefits Programs

We offer supplementary benefits for staff on payroll, including a comprehensive healthcare plan, a comprehensive insurance plan, the company savings plan, a housing loan, and an educational assistance plan for workers. Benefits for disability and maternity are also provided for the professional and technical groups, such as a disability aid and a 16-day paid leave for mothers in the eighth month of pregnancy who travel to the settlements daily. All employees have disability insurance of 48 basic salaries, payable upon receiving disability pension for a loss of work capacity of over 50%.

All Cerrejón employees enjoy the same benefits, with the exception of temporary workers, who receive neither the variable bonus nor the housing loan.

## Relations with Workers

### Mechanisms for Employees to Submit Suggestions

The company has a policy to promote a productive work environment based on respect for individuals, diversity, and openness to each worker's ideas. To that end, we accept feedback, different opinions and the expression of dissatisfaction or disagreements through open, frank, relevant, appropriate, honest, and timely communications that result in mutual benefit.

The main communications mechanisms for feedback are the yearly strategy and results meetings with employees held in Bogota, the Mine, and Puerto Bolívar.





## Relations Division

The Employee Relations and Development Division was formed to create a direct communications channel with workers through which we could listen and respond to their concerns and needs and therefore increase their commitment to their work. This project includes involvement in workers' daily problems, concerns, and needs in order to understand them and to ensure a response is offered to them, thereby increasing their general contribution.

We have a Development System for Technical Staff that lets workers grow and thereby contribute to company goals within the framework of Cerrejón's vision and fundamental values. In addition, a plan is designed for each person that includes the skills to be developed to reach his or her maximum potential in that position. This process orientates, supports, and stimulates a worker's efforts to expand his or her knowledge, skills, and experience, increase their contributions to the company, and improve their employability.

## Pension Benefits

All our employees are covered by the country's social security pension system, which provides a monthly pension payment once legal requirements are met. Employers contribute 12% of the base salary to the mandatory pension plan and workers with 4%. Every member of our pensionable personnel, excluding foreigners and retirees, is covered by this system. Foreigners continue to pay in their country of origin since they are here on temporary assignment.

For employees in the process of retiring, we have the Pensioners Program, which mainly aims to help workers conciliate their work record, advise on steps to obtain his or her pension, and reintegrate the person into social life through workshops. In addition, we have established retirement programs for those who are ill or near retirement.

## Respect for Workers' Rights

As part of our commitment with workers' fundamental rights, we value the rights of employees to join a trade union and to collective bargaining. At the end of 2010,

we had 3,390 direct workers affiliated with the union and 874 union members. That is, 82% of all Cerrejón employees benefit from the collective labour agreement, which means that one hundred percent of our technical personnel gain from this agreement at Cerrejón.

In December 2010, we began a new session of labour bargaining with the union. It concluded in February 2011 with the signing of a new collective labour agreement that will remain in force throughout 2011 and 2012. It contains notable improvements in salary and work conditions, as well as in benefits for all technical personnel.

In 2010, there were no labour stoppages nor protest activities affecting company operations.

We have policies of social responsibility, labour, and productive work environments to prevent situations of persecution, harassment, and discrimination for reasons of union membership, politics, origin, race, religious affiliation, nationality, profession, work position or location, as well as any other act that might limit the freedom to join a union or enjoy it.

For more information on these policies, see <http://www.cerrejon.com/site/Default.aspx?tabid=164> 

## Health and Safety in the Collective Bargaining Agreement

The collective bargaining agreement includes company coverage of 82% of the cost of prepaid medicine and health aid. In addition, it includes a 65% subsidy in the nominal healthcare plan cost and 100% of medications.

Moreover, agreement has been reached on relocation due to incapacity, union permits of one day a week for participation in Copaso, and a system of travel expenses for employees and their families. Furthermore, there is a services committee that meets monthly to deal with healthcare issues between Cerrejón and the union.



*We are committed to the comprehensive development and well-being of our workers. We consider compliance with national and international legislation on this issue to be crucial.*



Members of the Directors Committee during a break in the Operational Integrity Assembly.

## Industrial Medicine

### Programs for work reinsertion of employees with limitations for returning to their habitual occupation

We have re-incorporated and replaced 35 employees, some of whom had been out of the workforce for over three years.

This process included comprehensive assessment, payment of disabilities, evaluation of non-approved positions for relocation, psychological-social support for workers and their families as well as for their supervisors. We organized physical fitness plans and in-situ check-up meetings on employee progress, which are controlled by the workers' compensation insurance company (ARP, its acronym in Spanish), and confirmation of the persistence of limitations for employees re-occupying their regular post with handicaps.

**"THE WORK REINSERTION PROGRAM IS A 'GOOD ALTERNATIVE' FOR SICK WORKERS TO CONTINUE HAVING A USEFUL WORK LIFE, A COMPLETE REHABILITATION, AND THE COMPANY'S GOOD INTENTIONS".**

**VÍCTOR MERINO,** MEMBER OF THE PROGRAM FOR WORKERS IN WORK REINSERTION FOR EMPLOYEE WITH LIMITATIONS (TER, ITS ACRONYM IN SPANISH).



Alexander Paroda during a break on the ready line of the Patilla pit.

## Women in the Operation

We have continued improving our female employee policy. Various activities were introduced in 2010, such as establishing a bank of “temporary” positions filled by pregnant employees and implementing location adjustments to enable women to perform operational tasks, as well as raising awareness of these policies throughout the company. In December 2010, there were 306 women on the payroll, of which 164 occupy operational positions in the departments of Maintenance, Production, Coal Handling, and Operational Services in posts such as operators/technicians, operators of mining equipment (trucks and shovels), supervisors, and superintendents.

## Psychological-Social Risks

An epidemiological monitoring system has been designed and implemented with the aim of promoting the health and well-being of workers and identifying and strengthening safeguards that help prevent harmful health effects resulting from psychosocial risk. This system has been introduced across the whole operation and various activities have been implemented, including training those at the supervisory level in the use of software designed for recording employees’ psychosocial difficulties.

## Integrated Chemical Risk System

We are developing an integrated Chemical Risk System in conjunction with ARP Positiva and technical consultants who are experts in the subject and widely recognized in the Country both for their experience in industrial hygiene and for their knowledge of occupational toxicology.

The system has been created with the agreement of Copaso, with Sintracarbón’s healthcare commission, and with several consultants from this trade union organization. The project, which started in 2009, continued through 2010 and is continuing in 2011, includes the biological assessment of workers who may have been exposed to risk. The system integrates intervention strategies and controls that contribute to minimizing exposure to chemical risk agents. It is supported by specialized activities relating to occupational hygiene, occupational toxicology, and occupational medicine in order to improve the health and well-being of workers and contractors during the performance of their tasks.

## Occupational Disease

In 2010, the index of occupational disease (OD) stood at 0.066, with a total of four cases registered against slightly over twelve million working hours. This figure is significantly lower compared with the result for 2009, which was 0.114.

YEAR	NO. CASES	HOURS WORKED	INDEX
2007	9	12,628,000	0.143
2008	15	13,565,000	0.221
2009	8	13,982,000	0.114
2010	4	13,161,526	0.066

## Training and Awareness-Raising in Relation to Serious Illnesses and Prevention Programs

During 2010, the following support programs in education, training, prevention, risk control, and treatment of serious and occupational illness were carried out.

- Strengthening the Epidemiological Monitoring Program for the Prevention of Musculoskeletal Injury.
- Programs for the prevention of injury related to sleepiness and fatigue.
- Integrated System for the Management of Chemical Risk, with the implementation of the Protocol for Fatal Risks Linked to Hazardous Substances.
- Implementation of the Psychosocial Risk Monitoring Program.
- Program for Workplace Reintegration with comprehensive support for employees with chronic absenteeism.
- Healthy lifestyle at work and in the home.
- HIV/AIDS prevention.
- Awareness and prevention of epidemics within the area of influence (cholera, influenza, dengue fever, yellow fever). Participation of the Regional Emergency Committee.
- Activities related to Port Health Services in Puerto Bolívar in order to prevent the introduction of infectious-contagious diseases.
- Strengthening the local and regional medical services network.
- Prevention and control of the AH1N1 influenza strain.
- Medical consultancy for international visitors.
- Vaccination against yellow fever and tetanus.

A highlight here is the advance made by the Active Break Program, which aims to prevent musculoskeletal injury related to work activity. In 2010, there were 185 theory and practical active break sessions that benefited 3,438 workers from different operational departments and administrative areas. This was achieved through simple exercises for a few minutes during the working day, through which we managed to prevent illness and benefit the physical and mental health of workers.

With the support of the ARP Positiva insurance company, we developed an online program, available to all users, which has delivered training and follow-up in this important activity to all operational areas.





*"I feel very happy because in this company I've achieved a lot of goals that I set myself. I have always wanted to be here and the opportunity arose in the community in which I live (Oreganal) to open up this field of work to women".*

Yulis Paternina.  
Technician for Machinery and Tool Rebuilds.  
Maintenance Department.



# 4.6 Environmental Management



*Oca chameleon, a new species discovered in the forest reserve of the Montes de Oca.*

The focus of our policy and environmental management model points simultaneously towards the identification, prevention, mitigation of and compensation for any adverse impacts of our operations. Furthermore, we are fully committed to monitoring the effectiveness of our established control and protection systems and undertaking any follow up measures required. In addition, our environmental strategy is based on our System for Operational Integrity requirements, certified to the ISO 14001:2004 standard, through which we ensure compliance with all current environmental regulations. We are recognized as leaders in environmental management in Colombian mining and our objective is to go beyond just fulfilling our legal obligations.

We propose to complement our environmental management (focused on the suitable identification, evaluation, and control of operational impacts, compliance with regulations, and biodiversity conservation) with the new concept of eco-efficient management (producing more, using less). This refers to the efficient use of natural resources in order to reduce environmental impacts and to generate better value for our shareholders and well-being for our stakeholders. Therefore we are conscious of the need to preserve the environment surrounding our operations, and because of this, we work intensively on the process of land reclamation. We actively contribute to the establishment of protected nature reserves, such as Bahía Portete and the Montes de Oca and in the conservation of threatened wildlife species.

As a result of extreme climate conditions, with little rain during the first half of the year and intense rains in the second half, 2010 was without doubt one of the most difficult years in the history of Cerrejón. Such conditions are associated respectively with the El Niño and La Niña phenomena. It is worth mentioning here that the La Niña phenomenon in particular affected the Mine's operational performance and therefore various environmental indicators.

*"We are committed to expanding our strategic alliances. We've now got the support of Conservation International and this year The Nature Conservancy (TNC) are going to come on board in order to create new protected areas around our operations, such as the nature reserves in Bahía Portete".*



Gabriel Bustos  
Environmental Management Manager

We maintain our commitment to care for the environment as one of the fundamental elements of our strategy for responsible mining, and this is reflected in our Safety, Health, Environment and Communities (SHEC) Policy.

See Policy at <http://www.cerrejon.com/site/Default.aspx?tabid=164>



## Objectives

- Maintain particulate matter concentrations in our zone of influence below legal limits.
- Rationalize the use of natural resources.
- Deliver the plan for land reclamation.
- Develop educational and environmental communication activities.
- Implement projects for sustainable development.
- Involve different stakeholders in our environmental management approach.

## Goals in 2010

- Maintain particulate matter concentrations below 90 µg/m<sup>3</sup> for TSP and 45 µg/m<sup>3</sup> for PM10 at air-quality monitoring stations.
- Reutilize 80% of domestic wastewater.
- Recover 55% of used oil.
- Recycle 45% of the total volume of solid waste generated.
- Land reclamation:
  - Area prepared in hectares: 110.
  - Area stabilized in hectares: 140.



## Challenges in 2011

Immediate operational challenges focus on the management of environmental impacts at the mining operation, activities associated with its physical aspects, compliance with legal requirements and others including ISO 14001, in addition to the processing of permits and licences required for the operation through the management of:

- Air quality
- Water resources
- Waste, hydrocarbons, and chemical substances
- Biodiversity and land reclamation

Ensuring environmental sustainability in the medium to long term is based on the management of biotic impacts generated by the operation, biotic compensation (offsets), biodiversity conservation, climate change management, planning the mine closure, communications, and environmental outreach to stakeholders.

## Environmental Management Programs

- Air-quality management
- Quality and efficient use of water
- Land reclamation
- Management of wildlife and biodiversity conservation
- Management of solid waste
- Climate change and eco-efficiency.

## Engagement

### Education and Implementation of Environmental Management Programs

The Training, Safety, and Environmental Program has the aim of instructing employees and contractors on the environmental conditions where mining operations take place and the implementation of control measures established in the Environmental Management Plan (EMP) to prevent or mitigate real and potential environmental impacts.

### Air Quality Oversight Committee

The Oversight Committee, created in 2008, has allowed us to share with the communities in our area of influence, and in particular with those where the air-quality monitoring stations are situated, all information related to the operation of the

stations (the installation and collection of filters, calibration, and maintenance), the manner in which information is processed, and the interpretation and analysis of the results obtained.

We are also teaching these communities about current environmental regulations with respect to concentrations of particulate matter, whether in the form of total suspended particles (TSP), or inhalable dust (PM10), and public health risk levels depending on the concentration of particulate matter. In addition, we are presenting the results of our own performance with regard to air quality, with the control measures applied in order to ensure compliance with environmental regulations.

The Air Quality Oversight Committee is made up of teachers from the University of La Guajira, analysts from the Department for Environmental Management at Cerrejón, administrators from Corpoguajira, and members of the Community Action Committees from Las Casitas, Provincial, Barrancas, Papayal, Patilla, Chanqueta, Roche, Los Remedios, and Albania.

This Committee, together with the communities from the area of influence, the Barrancas Town Hall and Corpoguajira, promoted and participated in the Municipal Air Quality Forum that took place in October in the municipality of Barrancas and which was sponsored by Cerrejón, amongst others.

As part of the process of communication and engagement with communities, we put together information leaflets and put up notice boards that showed the air-quality results for populations in the area of influence.

WE REDUCED WATER USAGE FROM THE ANCHERIA RIVER BY **74%**

WE WERE RECOGNIZED AT THE NATIONAL LEVEL AS AN ENVIRONMENTALLY RESPONSIBLE ORGANIZATION FOR OUR ENVIRONMENTAL BEST PRACTICES (LAZOS AWARD 2010, AWARDED BY THE COLOMBIAN-BRITISH CHAMBER OF COMMERCE)

WE RECOVERED **61%** OF THE USED OIL GENERATED, BEATING OUR PROPOSED GOAL OF **55%**, ALSO, **49%** OF GENERATED WASTE WAS RECYCLED, AGAINST A TARGET OF **45%**

WE STRENGTHENED AND CONSOLIDATED THE WORK OF THE OVERSIGHT COMMITTEE ON AIR QUALITY AS A MEANS OF PARTICIPATION AND OUTREACH TO COMMUNITIES IN OUR AREA OF INFLUENCE

WE ACHIEVED THE CONTINUATION OF THE CONSERVATION PROJECT FOR TURTLES AND CAIMANS FOR **5** YEARS, CONTRIBUTING SCIENTIFIC AND SOCIAL RESULTS





*As one of our conservation initiatives, in 2009 we contributed, together with Corpoguajira and Conservation International, to having the Montes de Oca declared a protected area and also to the preliminary work for Bahía Portete, both of which are strategic natural habitats within the department of La Guajira.*

To obtain information on our programs,  
see <http://www.cerrejon.com/site/Default.aspx?tabid=309>



## Conservation International

We ratified an alliance with Conservation International (CI), where the main aim is to work together on issues related to conservation, communication, and research into biological diversity within the area of influence and in the department of La Guajira in general. With this alliance, and the support of Corpoguajira, we will contribute to the declaration of the Montes de Oca as a protected area. In 2011 we are maintaining our support for the declaration of Bahía Portete as a National Nature Reserve, where Puerto Bolívar, our coal-shipping port, is situated.

In addition, we have prioritized sites for conservation in our area of influence within the compensation and payment scheme for environmental services, and within the framework of actions for the preservation of threatened species through the establishment of conservation agreements with communities.





*"The idea is that some day, when this mine ceases operation, this site will be converted into a conservation corridor that joins important areas for conservation such as the Serranía del Perijá and Sierra Nevada de Santa Marta. That is the long-term vision".*



Fabio Arjona,  
Director of Conservation International, Colombia.

*"Without doubt, Cerrejón has an impressive environmental reputation and has formed a strong and important relationship with Conservation International. I am here to learn from this and perhaps extract some lessons learned, applying them to other instances globally".*



Stephen Edwards,  
Director of Corporate Relations  
Centre for Environmental Leadership  
in Business Conservation International.

## Air-Quality Management

For air-quality management, we work on the basis of a mathematical dispersion model, which is a tool integrated into our short-, middle-, and long-term planning for the mine. In order to estimate particulate matter concentrations in the air, we carry out simulations, basing them on information on particulate emission from the different processes and activities undertaken at the Mine and in the Port, meteorological information, area topography, and operational controls implemented for the mitigation of such emissions.

Based on results from this model, we establish control measures that must be applied to prevent or mitigate the impact on the air quality of communities located in the area of influence of our operations.

In 2010, total particulate matter emissions were reduced by 22% with respect to those in 2009. This reduction was due to operational controls established in the EMP, including road irrigation with a dust suppressant, the expansion of the tanker fleet (one additional tanker in 2010 and three more planned for 2011), the use of sprinklers to control matter in upper-pit levels, automatic real-time monitoring stations, and also the timely feedback to the operation on the results of the atmospheric dispersion model. The La Niña Phenomenon was an additional factor that directly influenced emissions reduction compared to 2009.

REPORTED NO <sub>2</sub> AND SO <sub>2</sub> EMISSIONS			
Units	2008	2009	2010
Tonnes: NO <sub>2</sub>	18,236	19,256	17,866
Tonnes: SO <sub>2</sub>	2,272	2,404	2,229

REPORTED PARTICULATE MATTER EMISSION AMOUNTS PM			
Units	2008	2009	2010
Tonnes: particulate material PM	31,281	36,577	28,417

Emissions of NO<sub>2</sub> and SO<sub>2</sub> particulate matter are calculated taking into account inputs from the EN3 indicator within the GRI methodology related to consumables (diesel and petrol) in mining and port operations, including emission factors\*, and the information fed into the air-quality model.

Air-quality monitoring to measure SO<sub>2</sub> and NO<sub>2</sub> is undertaken every two years (the last one was in 2009). The maximum values registered at the monitoring stations are in compliance with environmental law for these parameters:

PARAMETER	LEGAL 24-HOUR LIMIT (MINISTRY FOR THE ENVIRONMENT, HOUSING, AND LAND USE RESOLUTION 610 OF 2010)	2009 MONITORING RESULTS
NO <sub>2</sub>	150 µg/m <sup>3</sup>	21 µg/m <sup>3</sup>
SO <sub>2</sub>	250 µg/m <sup>3</sup>	11 µg/m <sup>3</sup>

We have at our disposal a group that specializes in the control of coal-bed spontaneous combustion through the use of four fundamental practices:

- Sealing of carbon seams: application of asphalt emulsion (bitumen) on seams exposed to air with a high probability of spontaneous combustion.
- Suffocation: covering with alluvial material to avoid oxygen access to the seams.
- Cooling: with water, using pumping infrastructure (pumps and bypass channels).
- Removal of hot material: long-arm backhoe.

These measures contribute to a reduction in gas generation (NO<sub>2</sub>, SO<sub>2</sub>, CO<sub>2</sub>, CO) and therefore odours that can affect neighbouring communities.

As part of our Air-Quality Monitoring Program, at the end of November 2010, we voluntarily began the sampling of particulates smaller than 2.5 microns (PM<sub>2.5</sub>) at the sampling station in the Provincial indigenous reservation. Colombian legislation has required the measuring of this particulate since 2010, but only in cases where the PM<sub>10</sub> limit is being exceeded, which has not occurred in our operation's area of influence. As of December 2010, the PM<sub>2.5</sub> values registered ranged from 9 to 13 µg/m<sup>3</sup>, values well below the maximum daily limit of 50 µg/m<sup>3</sup> established by Colombian regulations.

### Network of Air-Quality Stations

We have an air-quality sampling network made up of 18 stations (12 at the Mine and 6 in Puerto Bolívar), strategically located upwind and downwind of the operations at the coal complex. Through this network we constantly monitor air quality to make sure that operations emissions from the Mine do not constitute a risk for the quality of life of the neighbouring communities and at the same time to monitor compliance with current environmental legislation. The following table shows a summary of air-quality monitoring and the maps show the locations of the sampling stations at the Mine and Puerto Bolívar.

\* The emission factors used for the conversion of fuel units are those referred to in AP42 EPA for heavy machinery.



## 2010 SUMMARY OF AIR QUALITY

AREA	LOCATION ON MAP	STATION	YEARLY CONCENTRATION AS OF DECEMBER 2010 ( $\mu\text{g}/\text{m}^3$ )	
			TSP	PM10
The Mine	1	Fonseca	62	*
	2	Barrancas	54	33
	3	Casitas 3	65	37
	4	Papayal	56	*
	5	Provincial	69	42
	6	Patilla Chancleta	64	29
	7	Roche	75	28
	8	Los Remedios	48	*
	9	Albania	50	*
	10	Sola & Sombra	37	25
	11	Nuevo Roche 1	*	19
	12	Vivienda	*	31
	13	Escuela	31	28
Puerto Bolivar 2	14	Huarurapay	31	20
	15	Malla Norte	40	38
Regulation		Colombian limit (Res. 610 of 2010)	100	60**

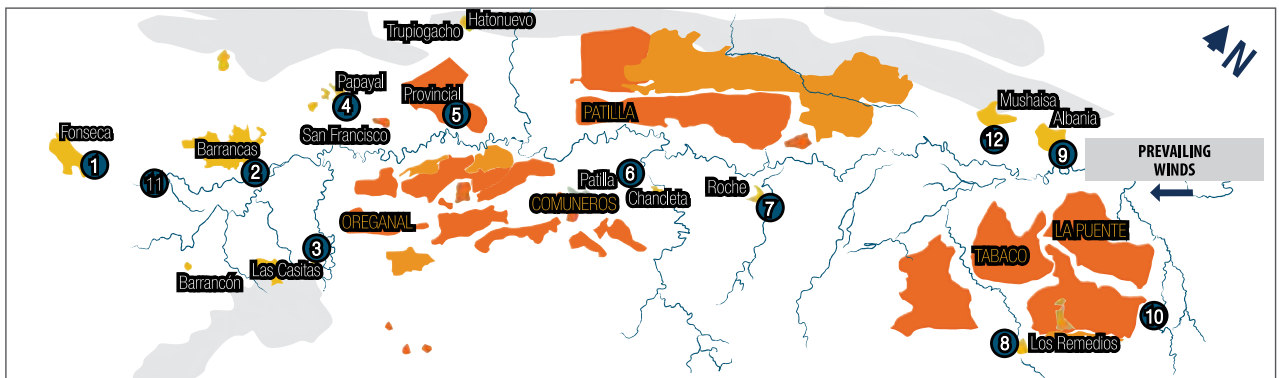
\* Does not have a PM10 sampler.

\*\* Maximum value permitted as of December 2010. Since January 2011, the maximum limit is  $50 \mu\text{g}/\text{m}^3$ .

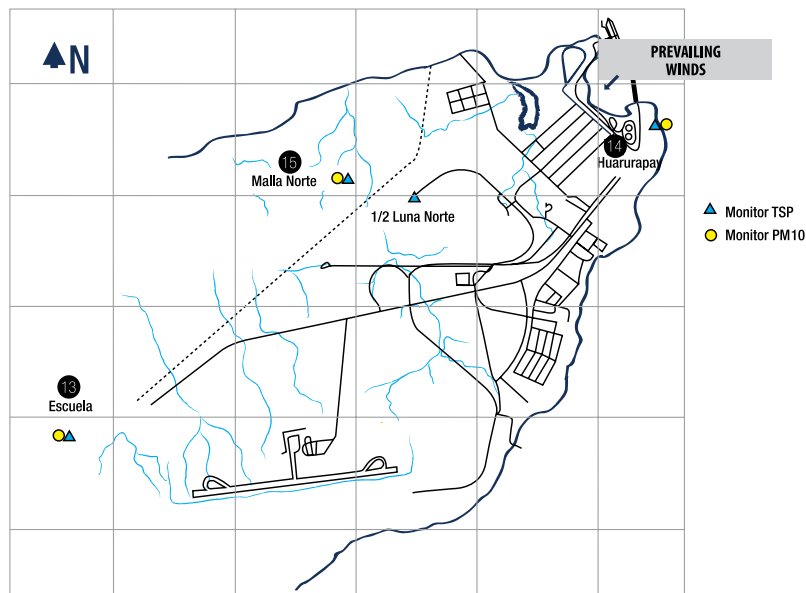
1. This station began operations in November 2010.

2. The monitoring stations of Uribia, Cuatro Vías, and Media Luna Norte are used as an internal reference for Cerrejón.

### AIR-QUALITY MONITORING NETWORK IN THE MINE



### AIR-QUALITY MONITORING NETWORK IN PUERTO BOLÍVAR



## Noise

In 2010, the values registered were in accordance with limits specified by Colombian regulations. Noise levels were also monitored in different areas and communities bordering operations: The indigenous reserves El Cerro and Provincial, Hatonuevo, Roche, and Albania, and the Las Casitas community at the Mine, Malla Norte, and Escuela in Puerto Bolívar.

## Water Management

### Water Quality in the Ranchería River

Our main watercourse is the Ranchería River, from which we obtain part of the resources used in the production processes. The volume allowed by Corpoguajira is 195 l/s (equivalent to 6.1 million m<sup>3</sup>/year). It should be noted that in 2010 only 548 thousand m<sup>3</sup> were used, equivalent to 9% of the volume authorized by the usage license. This is mainly due to the use of low-quality water (originating from dewatering of the coal seams).

In order to verify the efficiency of our waste control systems and our impact on the water quality of the Ranchería River as it flows through the area influenced by mining operations, we have established the Water Quality Index WQI-NSF, a method developed by the National Sanitation Foundation in the USA (NSF).

This indicator involves nine sanitary and environmental parameters, which also allow the influence of sources

external to the operation to be identified and timely control measures established. This index is calculated in the reach between the Palomino station, upstream from the mining operations, and the Cuestecita station, located downstream. The WQI can be calculated for any station on the monitoring network, for the Ranchería River as well as for its tributary streams.

The WQI-NSF is influenced by the winter and summer seasons in that the water quality deteriorates with rainfall. This is due to the fact that the parameters involved in the calculation are affected by surface run-off, which sweeps up organic and inorganic matter from the basin areas of influence.

At the same time, this situation generates an increase in the concentrations of turbidity, suspended solids, BOD<sub>5</sub>, and coliforms, and a reduction in the dissolved oxygen concentration.

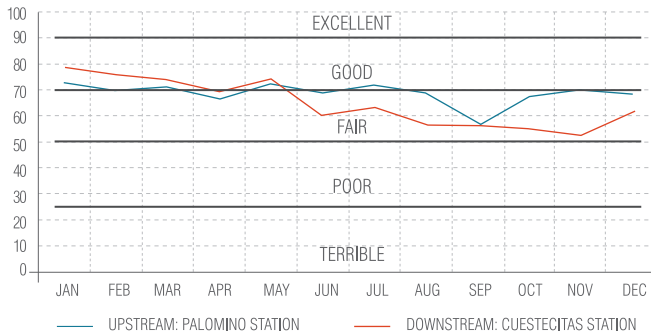
Due to the intense rainfall caused by the La Niña phenomenon, which contributed to an increase in surface run-off and sediment transportation, in 2010 the WQI-NSF average for the Ranchería River was poor (69 for the Palomino station and 65 for the Cuestecita station). The water quality of the Ranchería River dropped slightly between the months of June and December 2010. The trend of the water quality in the aforementioned stretch of the Ranchería River for 2010 is shown in the following graph:

*In 2010, around four thousand water samples from different natural bodies of water such as rivers, streams, and aquifers were analysed in the Cerrejón laboratory to check the efficiency of control measures, including those of the treatment system for drinking water.*





GRAPH SHOWING TREND OF RANCHERÍA RIVER WATER-QUALITY INDEX ICA NSF 2010



In addition, between 2008 and 2009, we developed a water quality index for the Ranchería River together with the Universidad del Valle that takes into account those parameters most related to the influence of ICA-type mining operations. This index is currently being used to better estimate the impact of the mining operation on the quality of the Ranchería River and includes parameters for sulphates, chlorides, conductivity, pH, total solids, and turbidity.

Based on the ICA mining, an impact indicator was established to assess the impact (very low, low, medium, and high) at any point in the sampling areas for testing water quality in the Ranchería River. This indicator is still undergoing a validation process.

### Water Usage

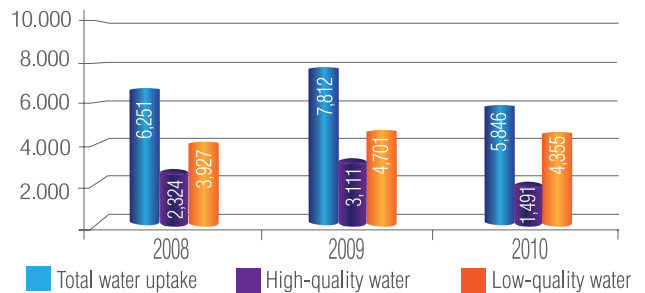
In 2010, there was a 52% reduction in the consumption of high-quality water compared to 2009 due to the implementation of measures such as the closing of several uptakes from the Ranchería River thanks to the Plan for Efficient Water Use and to the increase in rainfall associated with the La Niña phenomenon. Water consumption is reported in thousands of cubic metres, the water sources being identified by quality type.

TYPE OF WATER SOURCE	
HIGH QUALITY	LOW QUALITY
<ul style="list-style-type: none"> <li>Ranchería River</li> <li>Ranchería River Quaternary aquifer</li> </ul>	<ul style="list-style-type: none"> <li>Water from coal seam dewatering</li> <li>Run-off water within mining area</li> <li>Coastal water</li> <li>Effluent from domestic wastewater treatment</li> </ul>

Sprinkling haulage roads with a fleet of 26 water tankers, each with a 20-thousand gallon capacity. Water from the holding ponds, which store rainwater, and water from the coal-seam dewatering are mixed with dust suppressants for better results.



AMOUNT AND QUALITY OF WATER USAGE (THOUSANDS OF m<sup>3</sup>/YEAR)



WATER QUANTITY AND QUALITY	Units	2008	2009	2010
High-quality water	Thousands of m <sup>3</sup>	2,324	3,111	1,491
Low-quality water	Thousands of m <sup>3</sup>	3,927	4,701	4,355
Reused domestic wastewater	Thousands of m <sup>3</sup>	257	301	341
Disposal of wastewater	Thousands of m <sup>3</sup>	1,352	3,124	854

The percentage of recycled and reused domestic wastewater increased by 13.1% compared with 2009. The target set for the re-usage of wastewater was 80%, and by the end of December 82% was achieved. This effluent is used in to irrigate gardens and sports fields at the Mine residential unit and stored to meet any shortfall in the processes at the coal plant.

In 2010, the volume of water disposed of was 73% less than in 2009 due to the fact that, in 2009, the authorized and controlled disposal of water into one of the reservoirs was necessary in order to continue mining.

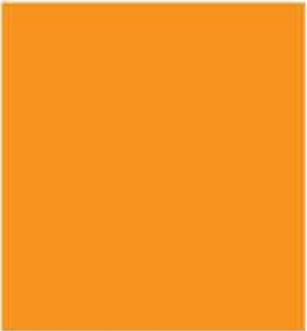
As part of the support program for Puerto Bolívar's neighbouring communities, we supplied said communities with treated drinking water. In 2010, an average of 480 thousand litres per month was supplied to communities.



150 KILOMETRES  
OF RAILWAY



STACKER  
RECLAIMER



TRUCKS  
WITH 320-TONNES  
CAPACITY



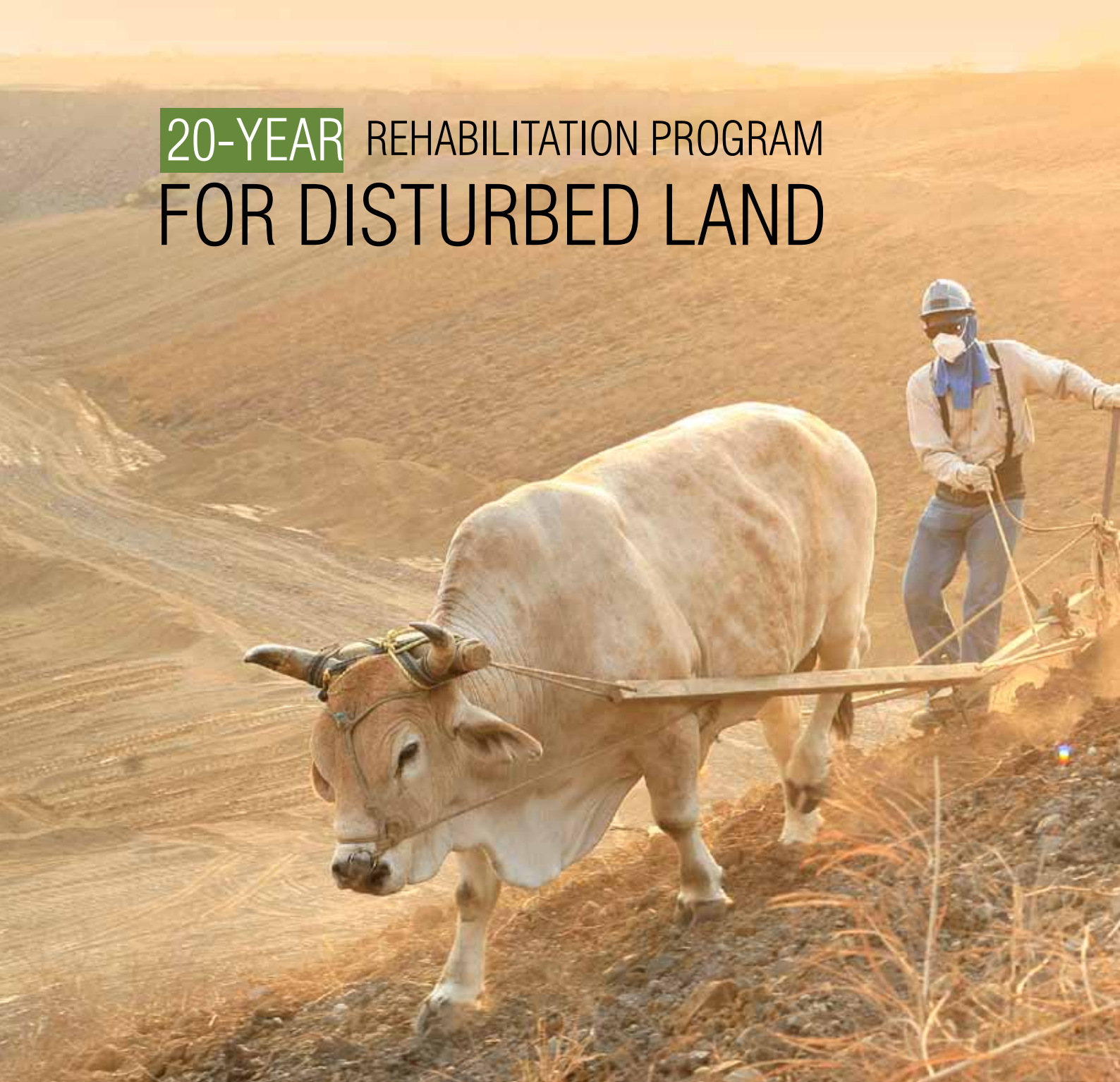
PUERTO  
BOLIVAR –  
DIRECT-LOADING  
SYSTEM



PH2800XPC  
SHOVEL



# 20-YEAR REHABILITATION PROGRAM FOR DISTURBED LAND



## 1 PRE-MINING

Soil analysis and wildlife relocation

## 2 TOPSOIL PRESERVATION

Deforestation, removal and preservation of topsoil

## 3 COAL MINING

Removal of soil and extraction of coal





The Land Reclamation Program includes all land previously used for mining that has been freed up for adaptation, stabilization, and biological diversification operations, and all the stages of progression being carried out there. As soon as reconfiguration and rebuilding of the soil begins, vegetation changes or successions are induced and stimulated, and colonization of the organisms inhabiting the plants and soil is achieved. Finally, mature woods appear, with signs of sustainability meaning they can then be validated and certified as correctly reclaimed areas.

More than 2,700 ha undergoing reclamation.  
Reincorporation of 40 native tree species.  
More than 1 million trees planted.

For more information, visit <http://www.cerrejon.com/site/Default.aspx?tabid=311>



Before



After



## 4 LAND PREPARATION

Land reconfiguration, forming new topsoil

## 5 SOIL STABILIZATION

Protection, genesis, and structural development

## 6 REVEGETATION

Biological diversification

## 7 POST-MINING

Mature woods, protected conservation areas





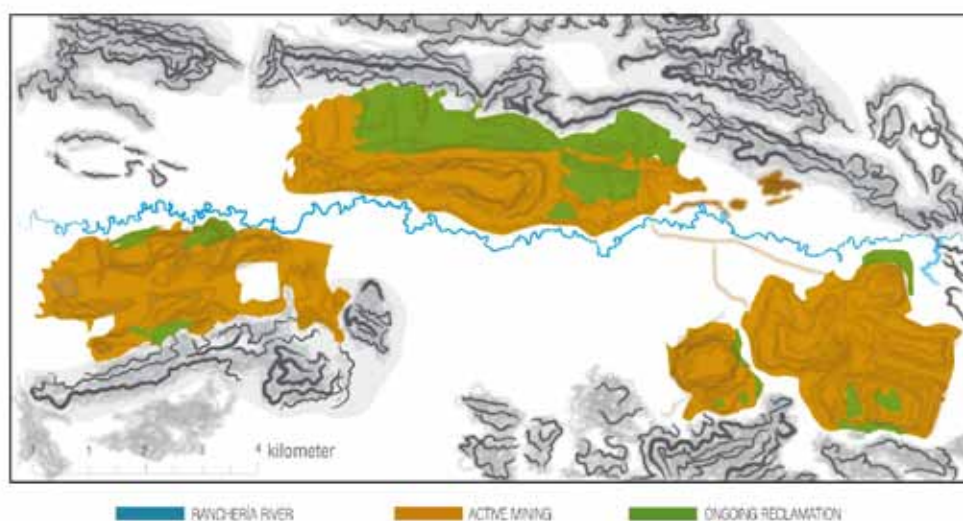
## Land Reclamation

We have a very competent team at our disposal, made up of more than 70 people, committed to the design, execution, support, and management of the reclamation process in all its phases in order to ensure that the planned objectives are achieved through the strategic and efficient use of natural resources.

Our aim is to reclaim land used for mining operations as soon as possible. We have already spent 21 years making this mission a reality. We have put into place the backbone to manage and sustain the process, which, in its simplest form, is made up of the following spatial components – energy – water – carbon – nitrogen – phosphorous and potassium, components shared or used in some way by all the biological agents that form part of the living organisms on earth.

Of the total area ceded by the Colombian government through mining licences, it is estimated that approximately 16 thousand hectares will be disturbed during the project lifespan. Areas not used for mining are utilized as buffer and compensation zones and as agricultural lands through leases with local farmers.

MAP OF MINING OPERATION AREAS UNDERGOING RECLAMATION



As of December 31 2010, 2,765 ha had been included in the reclamation process, equivalent to 24% of the total mining area since the beginning of our operation. The soil, water, vegetation, and biological activity field indicators established for land in different stages of evolution confirm that the ecosystem structures and functions are indeed reproducing there; these guarantee the achievement of a final condition that is better than or at least equivalent to that observed in undisturbed neighbouring lands.

### Areas Undergoing Reclamation

UNITS	2008	2009	2010
Cumulative hectares	2,566	2,690	2,765

The main material used in the process is topsoil, without which land reclamation would be very difficult and complex. Before mining operations begin, the existing topsoil reserves must be examined and classified in the environment where the operation is to take place, with the appropriate characteristics, in order to build new topsoil later. The topsoil reserves are removed and preserved in storage banks. Through this process, 36.7 million cubic metres of topsoil have been removed, and there are currently sufficient reserves to effectively reclaim all the areas used for mining operations or for operations support.

During the active reclamation phases, the reclaimable land is reconfigured and prepared. In addition, vegetation communities in their different stages are established and monitored. This process begins with a protective cover of herbaceous vegetation, shrubs, and trees in small patches, advancing into groups of sparse, medium, and dense growth until finally achieving a configuration of tall, diverse growth made up of native species and constituting areas that serve to promote the conservation of regional



Release of Turtles in Bahía Portete. Program for the conservation of threatened species. September 2010.



Gabriel Bustos, Manager of Environmental Management. Turtle Release of turtles in Bahía Portete, September 2010.

flora and fauna. As of December 2010 we had reincorporated wooded cover over more than 1,600 hectares and we have the knowledge and skills for the appropriate handling of seeds, plant propagation, and successful planting of more than 40 native tree species.

Benefits and applications of this process:

- This program has made contributions greater than those required by law in terms of soil preservation, reclamation of degraded land, use and disclosure of appropriate terminology, and operation guides and practices.
- The reclamation areas have become extensive buffer zones, receiving wildlife populations and communities from neighbouring areas.
- General acceptance by neighbouring communities, visitors, NGOs, and stakeholders as high-impact environmental management and compliance with acquired commitments.

## Disturbed Areas

UNITS	2008	2009	2010
Cumulative hectares	10,556	11,025	11,488

Disturbed land refers to all areas whose use has changed in order to undertake mining and support operations. This intervention includes the removal of all the soil layers and preparation to begin the mining itself. The total disturbed area increased by 463 hectares in 2010.

## Wildlife Management and Biodiversity Conservation

### Protected Areas of High Biodiversity

Possible environmental impacts by the operation on different natural resources (both renewable and non-renewable) are prevented and managed through the EMP. We apply the respective forms for land and aquatic wildlife management (EMP forms PBF 07 and PBF 08) taking into account the landscape changes resulting from the necessary mining processes. We do not mine in sites with a high biodiversity value, and we participate in the management of the protected areas of the Montes de Oca and of Bahía Portete, located outside the area of influence of the Mine.

In addition, our EMP covers the regular monitoring of land and aquatic wildlife during both the dry and rainy seasons. These measures allow us to determine the impacts of the mining activities on species in the direct and indirect areas of influence. We also set out preventive actions aimed at wildlife rescue in areas slated for intervention in the mining front plan as defined and updated every year.

We perform compensation activities in two types of protected areas: those defined in the licensing processes of the Ministry for the Environment, Housing, and Land Use (MAVDT, its acronym



in Spanish) and those related to voluntary compensation, in which we actively participate alongside local authorities such as the Maicao Mayor's Office and Corpoguajira.

We have established one hundred metres on each bank of water courses as riparian buffer strips for gallery forest ecosystems in land on our property, well in excess of current Colombian regulations of thirty metres. We also work in the preservation of the biological corridors between the Serranía del Perijá and the Sierra Nevada de Santa Marta (characterized by the most-representative Caribbean species) by ensuring that neither current mining nor future expansion affects them.

### Management and Control of Biodiversity Impacts

Wildlife relocation is aided by the establishment of adaptation areas for captured species to improve their survival rate in their natural habitat. In addition, land species are microchipped to facilitate monitoring of their development and growth stages and migration status.

Based on the wildlife inventory we carried out, there are twenty species that are significantly threatened according to Colombian and international classifications:

TYPE	GENUS AND SPECIES	COMMON NAME	COLOMBIAN CATEGORY	IUCN 2010-4
Reptiles	<i>Chelonoidis carbonaria</i>	Red-footed tortoise	CR	
Fish	<i>Prochilodus magdalenae</i>	Bocachico	CR	
Fish	<i>Ichthyoelephas longirostris</i>	Besote	EN	
Mammals	<i>Aotus lemurinus</i>	Gray-bellied night monkey		VU
Birds	<i>Ara militaris</i>	Military macaw	VU	VU
Mammals	<i>Leopardus tigrinus</i>	Tiger cat		VU
Mammals	<i>Leptonycteris curasoae</i>	Southern long-nosed bat		VU
Mammals	<i>Lontra longicaudis</i>	Neotropical otter	VU	
Mammals	<i>Panthera onca</i>	Jaguar	VU	NT
Fish	<i>Salminus affinis</i>	Picuda	VU	
Mammals	<i>Rhogeessa minutilla</i>	Tiny yellow bat		VU
Mammals	<i>Marmosa xerophylla</i>	Guajira mouse opossum	NT	VU
Mammals	<i>Lonchophylla concava</i>	Bat		NT
Mammals	<i>Cabassous centralis</i>	Northern naked-tailed armadillo	NT	
Mammals	<i>Cebus albifrons</i>	White-fronted capuchin	NT	LC
Birds	<i>Egretta rufescens</i>	Reddish egret		NT
Mammals	<i>Leopardus pardalis</i>	Ocelot	NT	LC
Mammals	<i>Leopardus wiedii</i>	Margay	NT	NT
Mammals	<i>Puma concolor</i>	Cougar	NT	LC
Reptiles	<i>Trachemys callirostris callirostris</i>	Colombian slider turtle	NT	

<p><b>COLOMBIAN CATEGORY</b></p> <ul style="list-style-type: none"> <li>• Critically endangered (CR): 2</li> <li>• Endangered (EN): 1</li> <li>• Vulnerable (VU): 4</li> <li>• Nearly threatened (NT): 7</li> </ul>	<p><b>INTERNATIONAL UNION FOR CONSERVATION OF NATURE (IUCN) 2010 CLASSIFICATION:</b></p> <ul style="list-style-type: none"> <li>• Vulnerable (VU): 4</li> <li>• Nearly threatened (NT): 7</li> <li>• Least concern: LC</li> </ul>
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Conservation programs for endangered species.

Four programs manage and control impacts on biodiversity:

- Program of wildlife monitoring and follow-up.
- Wildlife rescue program in areas slated for mining.
- Program for wildlife clinical and biological rehabilitation.
- Conservation programs for threatened species.

These programs are run with the Cerrejón Fauna Recovery Centre, where injured animals receive care, special studies are carried out, and environmental education is promoted amongst employees, contractors, and the various stakeholders. This centre fulfils a key role in wildlife rescue, biodiversity conservation, favouring controls on wildlife trafficking and, especially, in raising community awareness and discouraging the illegal hunting and sale of wildlife species.

Currently, Cerrejón is participating in several programs of biodiversity conservation that involve engaging with public and private organizations in order to provide continuity to the various conservation projects for endangered species. To do so, we established cooperation agreements with the Corpoguajira environmental authority and with Conservation International, an NGO widely recognized for its knowledge and support of the sustainability of biodiversity worldwide.

For more information on our programs, visit <http://www.cerrejon.com/site/Default.aspx?tabid=310>

## Solid Waste Management

We have a rigorous program for the recovery and final disposal of waste by type. The table below presents the amount of waste generated over the last three years.

### Amount of Waste Generated

	Units	2008	2009	2010
Non-hazardous waste	Tonnes	7,794	8,973	9,331
Hazardous waste	Tonnes	648	630	578

The 4% increase in (non-hazardous) waste produced is due to dwelling construction (mainly houses and apartments built at the residential unit) and Mine and school facilities, as well as to assembling new mining equipment. In addition, there was an increase in the volume of pruned material as greater rainfall meant more foliage growth.

Various procedures are used for the handling, treatment, and final disposal of hazardous waste depending on type: incineration, bioremediation, encapsulation, neutralization, or storage for later recovery (such as car batteries, which are returned to the supplier).

### Treatment and Final Disposal of Waste

Type of treatment / disposal	Units	2008	2009	2010
Waste incineration	Tonnes	67	300	382
Bioremediation	Tonnes	195	142	124
Encapsulation	Tonnes	389	202	89
Disposal of ordinary waste in a landfill	Tonnes	3,135	2,633	2,161
Disposal of rubble	Tonnes	1,458	6,329	7,786

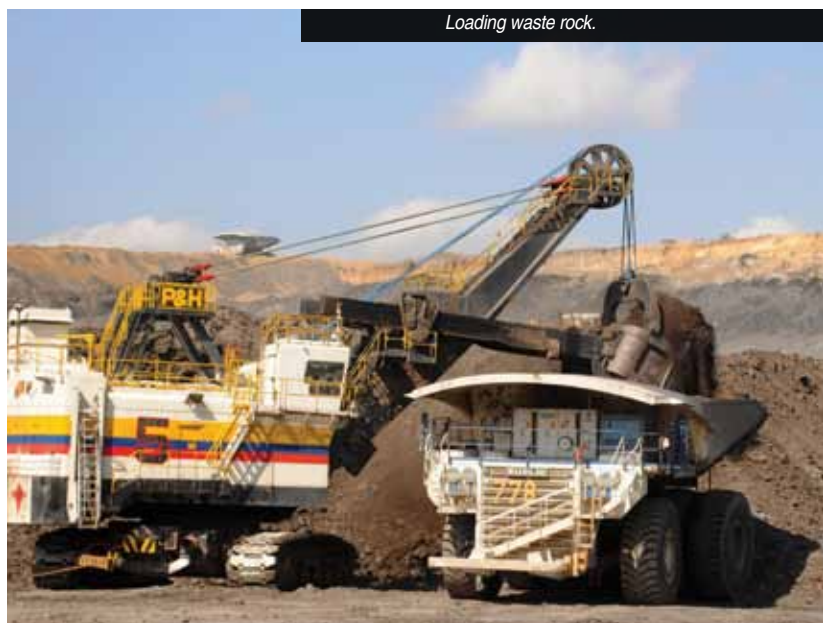
The 27% increase in the amount of incinerated waste is due to changes in furnace operation shifts, which lengthened operational hours and increased efficiency (Monday to Friday, 24 hours a day). Based on monitoring results in 2010, the furnace complies with Colombian legislation (resolutions 058 of 2002 and 886 of 2004 of the Ministry for the Environment, Housing, and Land Use).

The increase in furnace hours of operation also contributed to the decrease in hazardous-waste encapsulation since much of that material was sent to be incinerated in 2010.

### Waste Rock in the Mining Operation

Units	2008	2009	2010
Millions of BCM (bank m3)*	224	236	202

\* Waste rock refers to rock (interburden) intercalated with the coal seams



Loading waste rock.



Our operation produces no excess material after coal mining (such as mud, rocks, or tailings) that would be a potential environmental or health hazard. The interburden contains no chemical substances or other properties that would make it hazardous. Nevertheless, this waste rock is treated in accordance with appropriate environmental regulations and in compliance with the EMP guidelines on dump and interburden management. The aim of this program is to design and build the waste-rock dump sites so as to optimize space use and volumes assigned in the Mining Plan and facilitate their subsequent reintegration into the regional ecosystem.

### Amount of Waste Recovered

Units	2008	2009	2010
Tonnes	2,767	4,304	4,550

We have a program for solid waste management. In 2010, there were 9,331 tonnes of waste produced, of which 49% was recovered (equivalent to 4,550 tonnes), thereby surpassing our 2010 goal of 45%.

It is worth noting that the recyclable waste is donated to the United Hands Rotary Foundation, and that all funds from their sale are used to finance educational programs in communities neighbouring Cerrejón.

Complementing the above, we undertake the Comprehensive Management of Solid Waste (MIRS, its acronym in Spanish), consisting of three processes:

- Temporary storage, collection, and transportation to final disposal sites for organic solid wastes.
- Collection, transportation, temporary storage, and final disposal of special hazardous waste from the maintenance workshops for equipment and facilities.
- Collection, transportation, recovery, transformation, temporary storage, and marketing of recoverable waste for subsequent recycling.

A total of 49% of ordinary waste was recovered for recycling. Non-ordinary waste (except rubble) was disposed of in our trench-type landfill in a backfill area in accordance with the EMP. Part of the hazardous solid waste is incinerated, and that which is not is treated by bioremediation or encapsulation.

## Eco-Efficiency, Energy, and Climate Change

### Materials

We have established efficiency indicators on the use of materials used in the mining process, notably on measurement of the service life of heavy mining equipment tyres (fleets for waste rock and coal haulage), on efficient explosives use (powder factor, determined as the amount of explosive used per BCM of interburden), and the amount of oil recovered (of which a fraction is used to make emulsion for explosives).

### Oil Usage

Units	2008	2009	2010
Gallons	1,612,309	1,563,431	1,439,979

Oil consumption in 2010 amounted to 1.4 million gallons. The 8% reduction in oil consumption compared with the previous year was due to, among other aspects, the harsh winter that interrupted equipment operations at the Mine. Furthermore, an additional decrease in oil consumption was achieved due to changing over to more efficient equipment, such as many of our hydraulic shovels. Moreover, replacing some of the mineral oil for synthetic oil in the compressors of the drill fleet in 2009 increased the service life of the oil.

### Consumption of Emulsion and Ammonium Nitrate

EMULSION CONSUMPTION			
Units	2008	2009	2010
Tonnes	89,059	99,999	81,011

AMMONIUM NITRATE CONSUMPTION			
Units	2008	2009	2010
Tonnes	61,794	64,145	47,096

The 19% reduction in the emulsion consumption (between 2009 and 2010) is related to the rainy weather conditions (15% or 15,000 tonnes of emulsion not produced), and the remaining 4% is related to the savings arising from the use of electronic detonators in the mining operation. These reduce the powder factor, thus reducing emulsion consumption for blasting the same quantity of bank cubic metres (BCM), resulting in approximately 4,000 tonnes less emulsion use.

The 27% decrease in ammonium nitrate consumption (utilized in preparing the explosive for breaking up the interburden) compared to the previous year also resulted from the effects of the rain (15% or 11,400 tonnes of ammonium nitrate not utilized) and from the use of electronic detonators (a savings of 11%, represented by 3,040 tonnes less ammonium nitrate).

The aforementioned facts illustrate the strong impact created by the La Niña phenomenon and the associated heavy rains, which meant that 30 million scheduled BCM were not blasted.

## Tyre Consumption

Units	2008	2009	2010
Tyre Units	2,089	2,401	1,847

The 23% reduction in tyre consumption on heavy mining equipment was due to (5% approximately) programs focused on increasing tyre performance in the three haulage fleets. This was achieved through assessments and monitoring of bad conditions on haulage roads by operators to allow necessary repairs of minor defects as well as the maintenance of suitable tyre temperature during long periods of operation. In addition, the heavy rains during the second half of the year affected equipment operation standby hours, which represented nearly 18% in consumption savings.

The savings in tyres was affected mainly by the use of a new tyre model (5380R63VRPS) for the 320-tonne overburden haul trucks, thus increasing tyre performance from 64,200 km/tyre in 2009 to 68,000 km/tyre in 2010.



Incinerator for hazardous waste.

## Recovery of Used Oil

Units	2008	2009	2010
Gallons	974,311	977,977	877,452

Taking into account that oil consumption in 2010 amounted to 1,439,979 gallons, the recycled percentage amounted to 61% (877,452 gallons), a figure which well exceeded our established goal of 55%. Part of the recovered fraction is used in the emulsion plant for explosives preparation, which in 2010 amounted to 366 thousand gallons (equivalent to 42%), and the remainder was sold to two companies (Ecofuels and Proptelma), which hold the appropriate environmental permits for the transport, treatment, and handling of used oil.

## Diesel Consumption

Units	2008	2009	2010
Gallons	85,958,785	90,948,942	84,745,591



Recycled material.



Our diesel fuel consumption comprises 98% of our direct energy consumption, being utilized mainly in heavy machinery and in medium and lightweight equipment operating at the mine, as well as the consumption in railway and port operations. The Mining Plan has considered the optimization of fuel consumption in the mining operations, in which the greatest proportion of diesel fuel is used for haulage (transport) of interburden (fractured rock).

Due to increased rainfall in the area, which produced operation shutdowns, fuel consumption decreased by 7% compared to 2009. This affected the operation given that it implied performing additional activities such as the removal of wet dirt instead of dry dirt from the access roads to the mining pits, water extraction from the dirt, and operational standby of the haulage fleet. The calorific value of the total diesel consumption in 2010 was equivalent to 11,694,892 GJ (this value is the result of the conversion of primary energy volumes, represented in consumption of diesel gallons, multiplied by the GRI factor of 0.138 GJ/gallon).

Coal transportation is carried out by railway from the Mine to the Port as this is the most efficient method. Coal is exported by large-tonnage ships, and therefore the environmental impact is reduced to a minimum in the transport chain. Once the coal is delivered in port to our clients, they apply their own measures for handling any potential environmental impacts, as well as the risks to health and safety during the transportation and use of this product.

The impact of other means of transport (employed for Mine personnel and for supplies) has not been evaluated in detail due to their minor relevance amongst the critical aspects identified in our EMP.

### Natural Gas Consumption

The consumption of natural gas occurs mainly in the emulsion plant boilers, maintenance shops, residential unit, food production centre, and dining rooms. The amount of this direct primary energy represents 0.3% of total energy consumption.

REPORTED CONSUMPTION VALUES OF NATURAL GAS			
Units	2008	2009	2010
Cubic metres (m3)	1,033,512	1,185,486	963,036

Due to the heavy rains in 2010, natural gas consumption fell by 19% as the greatest consumption of this fuel is for use in the emulsion plant boilers, where explosives are produced for blasting. The energy utilized in 2010 in natural gas consumption was 34,197 GJ (the calorific value of natural gas of Gas Guajira S.A. ESP, according to the tables of FECOC (Upme), is 35.51 MGJ/Nm<sup>3</sup>).

### Petrol Consumption

This pertains to the consumption of our lightweight vehicles (trucks and buses), of our contractors at the Mine, of the aircraft for transporting our personnel between Bogota, Barranquilla, the Mine, and the Port (jet fuel), and the consumption registered in Puerto Bolívar. The quantity of this direct primary energy represents 2% of total energy consumption.



Solar panels for hot water systems in Puerto Bolívar housing.

## REPORTED CONSUMPTION VALUES OF PETROL

Units	2008	2009	2010
Gallons	2,364,069	2,104,095	2,097,896

Compared to 2009, fuel consumption decreased due to weather conditions, but did not affect the total consumption significantly. Petrol consumption for 2010 was equivalent to 250 thousand GJ (the calorific value of petrol, according to the tables of FECOC (Upme), is equal to 0.119 GJ/gallon, in reference to generic petrol).

In general, the reduction in the consumption of primary energy sources is attributed mainly to the predominant weather conditions, which gave rise to intense rainfall from the La Niña phenomenon, and not from improvements directly affecting company energy efficiency.

## Electrical power consumption

Units	2008	2009	2010
GWh	270	300	291

The electrical power required by the operation is purchased from the national electrical power grid. We do not have large-capacity power generators (only emergency power plants for supplying our monitoring stations). We have emergency power systems that come on line during unexpected power outages of the national power grid. The GJ-equivalent power used in 2010 from the consumption of electric power was 1 million GJ (the conversion factor is 3,600 GW-h/GJ).

The largest consumption of electrical power in the mining operation arises from the electric shovels, followed by the conveyor belts, crushing machines, coal-washing plants, and ship-loading equipment.

New lodgings were installed in Puerto Bolívar in 2010 with water heating systems running on solar energy. This technology is expected to provide annual electrical power savings of 409 thousand kWh/year.

Cerrejón's total energy consumption in 2010, expressed in gigajoules, is summarized in the table below.

Type of Energy	Fuel/Energy	Energy Consumption in Gigajoules
Primary	Diesel	11,694,892
	Petrol	249,650
	Natural gas	34,197
Secondary	Electrical power	1,047,600

For 2011, we have decided to officially report eco-efficiency indicators in our use of water and energy, which we hope to continue developing over the



Recycling tyre material from mining equipment.

next few years in order to establish concrete goals for reducing our consumption in the medium term. During the first phase, we focus on defining the indicators and determining the baseline.

The long-term purpose of the program is to identify potential agents for reduction in diesel fuel consumption, electrical power, and water by the defining and constantly monitoring indicators, identifying external, technological, and operational factors that affect consumption patterns, thus defining the actions needed to maintain said indicators within optimal operating ranges.

## Greenhouse Gas Emissions (GHG)

La Guajira is located in a dry climate area, very susceptible to climate changes due to the scarcity of water, the ecological fragility of its ecosystems, and the high poverty levels of its inhabitants. We endeavour to help communities in the vicinity of the Mine, the railway, and the port operations, especially the indigenous populations, so that they can adapt to climate changes while they work to resolve the issues of poverty, lack of job opportunities, and violence.





*The supply and management of water is a daily problem in La Guajira, as well as one of the main obstacles to its development. The strengthening of the drinking water and basic sanitation sector, and the conservation of water resources, comprise the backbone of the activity of the Cerrejón Foundation for Water in La Guajira.*

We have identified risks and implemented actions according to the social, environmental, and economic contexts within our region of operation, outlining commitments to cope with water and power efficiency, resource management, conservation projects, and reduction of our carbon footprint.

It is vitally important to understand the impact of climate changes in La Guajira and to work with the communities that face them in order to attain sustainable development in the region. The company, along with its Foundations System, seeks to achieve a “sustainability shock”, undertaking to play a vital role in supporting communities in their adaptation to climate change.

Taking into account the challenges we face, we undertake to:

- Achieve ongoing improvement, maintaining special awareness of our water and carbon footprint, so as to systematically measure and report our greenhouse gas emissions.
- Define and develop climate change mitigation strategies by implementing energy-efficiency and water-conservation projects within our operation.
- Define and apply, with stakeholder participation, adaptation strategies for climate change in La Guajira, assisting in optimizing water resource management and promoting community practices in proper water utilization, basic sanitation, and hygiene.
- The implementation of rehabilitated ecosystems and conservation projects by way of strategic partnerships with environmental players worldwide, such as Conservation International.
- Create well-paid employment and maximize projects focused on solving poverty and education limitations by developing better environmental behaviour in the local population.

For eight years, we have been reporting our CO<sub>2</sub> emissions on a monthly schedule, based on Anglo American methodology. In 2010, following a suggestion from our shareholders on the review and validation of the factors used in calculating CO<sub>2</sub> emissions (in accordance with international methodologies based on the United Nations Intergovernmental Panel on Climate Change (IPCC)), we hired Itasca Africa (Pty) Ltd., an international expert consulting firm. This analysis resulted in an adjustment of the emission factors, particularly fugitive methane leaks (CH<sub>4</sub>), to give an increase of approximately 18% in the overall emissions inventory compared with the previous methodology.

## TOTAL DIRECT AND INDIRECT GHG EMISSIONS

Units	2008	2009	2010
Tonnes of CO <sub>2</sub> with previous methodology	943,387	1,039,134	971,528
Adjusted tonnes of CO <sub>2</sub> equivalent	1,110,264	1,206,906	1,142,102

In the table, the tonnes of CO<sub>2</sub> equivalent emitted in 2010 can be observed corresponding to consumption of fuel, electrical energy, and coal production, broken down into diesel consumed at the mine, railway, and port, petrol, and natural gas, recorded as direct and indirect energy consumption.

Methane gas (CH<sub>4</sub>) emissions are also included (generated by the coal extraction process) and emissions related to supplies for blasting (ANFO/emulsion) as CO<sub>2</sub> emissions.

### Ozone-Depleting Substances

We are completing an air-conditioning renovation program with the goal of progressively reducing the consumption of old refrigerants with high ozone-depleting potential (ODP) and substituting them with new-generation refrigerants.

The procedure consists of re-using refrigerant from old equipment retired from service to others that cannot yet be substituted until the refrigerant's service life comes to an end. The replacement of old equipment by new ones with low-ODP refrigerant takes place when the efficiency and reliability of this equipment declines.

### Emission of Ozone-Depleting Substances

Type of refrigerant	2008		2009		2010	
	Refrigerant emission in kg	CFC-11 equivalent emission in kg	Refrigerant emission in kg	CFC-11 equivalent emission in kg	Refrigerant emission in kg	CFC-11 equivalent emission in kg
<b>R22</b>	N.R.	N.R.	868	43	1,044	52
<b>R12</b>	N.R.	N.R.	N.R.	N.R.	14	14
<b>Total emission</b>	-	-	-	<b>43</b>	-	<b>66</b>

N.R.: Not reported.

To obtain the data for CFC-11 equivalent emissions, the R22 and R12 refrigerants were multiplied by the equivalency factors 0.05 and 1 respectively. Finally, the total was calculated to obtain the kilograms of CFC-11 equivalent.

The increase in refrigerant consumption compared with the previous year is largely due to the air-conditioning maintenance program because refrigerants must be replaced in equipment using old technology. However, it bears noting that this equipment is gradually being replaced by systems that use R134A and 410 or other minimal-ODP refrigerants.

Thirty-seven pieces of equipment were replaced in 2010, and 890 kg of high-ODP refrigerant was replaced with minimal-ODP refrigerants. Emissions for the 134A refrigerant are not included in the overall emissions data because it has minimal chlorofluorocarbons (CFCs).



Photo of the "Irreplaceable" environmental photo competition to promote good environmental actions and make La Guajira a cleaner and healthier place.



## Environmental Incidents

There were no high-magnitude or significant environmental incidents in 2010. However, there were 33 low and medium-level environmental incidents. Sixteen of these were hydrocarbon spills representing a total volume of 8,800 gallons, the majority of which were in mining pits.

To minimize the occurrence of incidents of hydrocarbon spills, especially with hydraulic shovels, we continue to strengthen monitoring measures both in terms of planned maintenance and investigation of unexpected cases.

Likewise, we are setting up a group of analysts from the Maintenance, Production, and Environmental Management departments to work jointly on the detection, management, and step-by-step reduction of hydrocarbon leaks that may occur in fleets of heavy equipment that refuel at portable fuel islands spread throughout the various Mine pits. The other incidents are related inter alia to issues such as forest fires, re-intervention of reclaimed land, unauthorized capture of wildlife species, and deforestation in non-authorized areas.

### Mine Closure

In this area we have given thought to some scenarios following the guidelines set out by Anglo American, one of our shareholders. These scenarios consider the economic, social, and environmental aspects of such a closure and allow us to develop a preliminary closure plan that takes into account our contractual obligations set out in both the Mining agreement and in the EMP. The planning phases for closure and post-closure are set out in the following table with the corresponding estimated timeframes:

TIME	25 - 15 YEARS	15 - 10 YEARS	10 - 5 YEARS	5 - 0 YEARS	YEARS 2034	0 - 5 YEARS POST-CLOSURE	5 - 20 YEARS POST-CLOSURE
Phase	Preliminary closure plan	Draft closure plan	Detailed closure plan	Final closure plan	End of extraction	Closure implementation	Post-closure period
	Closure planning			Closure and post-closure			

In 2010, the scenarios were reviewed and adjusted taking into account the contractual obligations and the closure criteria of our stakeholders, as well as the pit shut-down record in the current EMP.

### Expectations and Goals of Mine Closure in Cerrejón

- Supplement and update the preliminary mine closure plan according to environmental, social, health, and safety practices that comply with Colombian legal requirements and the good practices of our shareholders.
- Clarify legal aspects related to mining contracts and EMP obligations as regards to the closure and post-closure phase with the government.
- Define the future use of lands and facilities that must be returned to the State. Our intention is to seek the formal declaration of the reclaimed land and buffer zones as protected areas.
- Align current social management programs with the closure criteria in such a way that the impact on communities will be minimal when it happens.



Cerrejón La Guajira photo competition 2010.

## Table of Baselines, Criteria, and Measurement Techniques

FINANCIAL AND ECONOMIC INDICATORS	
Financial reasons and data	Information prepared according to accounting policies indicated in the 2010 Management Report.
Economic value generated and distributed	It was carried out according to generally accepted accounting standards and the report guidelines of the fourth estate methodology proposed by Luis R. Perera Aldama.
Number of client	Calculation of the total number of clients who bought coal from Cerrejón in 2010.
Exports	Total value of coal sales to total clients in 2010 in United States dollars.
Production and participation	Tonnes of coal produced in 2010 compared with the total produced in Colombia.
Contribution to the national economy	The necessary calculations proposed by the Socio-Economic Assessment Toolbox (Seat), the socio-economic evaluation methodology for mining operations used by Anglo American, are done.
SUSTAINABILITY INDICATORS – HUMAN CAPITAL	
Number of employees	Quantity of workers by gender and proportion of direct employees.
Average turnover	Calculation carried out from the average number of employees for the year, adding the new employees that entered in 2009 and subtracting the number of persons dismissed or retired for this same period. The resulting value is divided by the average staff for the year.
Hours of training per employee	Aggregate training hours received by workers over total employees by professional category.
Training workshop participants	Calculation of total attendees for each training workshop.
Management positions held by females	Total women in management positions over the aggregate total of workers at December 31, 2010.
Representativeness of workers in safety	Number of employees represented in committees over total company employees.
Absenteeism	Rate of incapacitating accidents (base of 200,000 hours of exposure).
Lost days	Calculated based on 200,000 hours/worker. Lost days are counted from the day following an accident.
Occupational diseases	This is the pathological state or damage to health arising as a consequence of a clear cause-effect relationship with prolonged exposure to occupational risks.
Absenteeism due to work-related accidents and diseases	Absenteeism because of work accidents or work-related diseases is measured in relation to planned hours, hours of confirmed attendance, and percentage of absences related to work-related accidents and diseases.
Fatalities	The operation's number of fatalities.
Cases reported as professional diseases	Professional disease rate, calculated based on the number of professional disease cases in a time period/ total hours worked per 200,000.
Proportion of unionized workers	Number of workers in a collective bargaining agreement over total company employees.
SUSTAINABILITY INDICATORS – HUMAN RIGHTS	
Human rights training	Total training sessions given and quantity of hours invested and calculation of total participants.
SUSTAINABILITY INDICATORS – ENVIRONMENTAL MANAGEMENT	
Environmental investment	Sum of all Cerrejón's expenditure in 2010 for environmental control, monitoring, and management.
Disturbed areas and those available	Established through monthly topographical measurement of the areas affected by the operation and the areas rehabilitated by our Land Reclamation Program.
Consumption of resources, energy, and water	Data registered in our internal records as part of the registry and control of consumption.
Total direct and indirect emissions of GHG – CO2 and CO emissions	In March 2010, Anglo American suggested that a consultancy take place with the international expert Itasca Africa (Pty) Ltd. to review our CO2 emission factors. The goal of the firm was to review the model for calculating and recording emissions adopted by the company for GHG emission measurement.
BOD5	Biochemical Oxygen Demand (BOD) is a typical parameter in measuring the quantity of biodegradable organic matter in wastewater. This parameter represents the total quantity of oxygen required for aerobic micro-organisms (acting in the presence of oxygen) for the breakdown of all organic matter contained in a water sample. The standard measurement for BOD in a water sample is a five-day test known as BOD5.
Particulate matter	An inventory of particulate matter emissions done by running the air-quality dispersion model, based on results obtained from Cerrejón's air-quality monitoring network.
Generation of waste	Aggregate quantity of hazardous and non-hazardous waste generated for the year according to legal specifications.
Environmental sanctions	Total fines for legal environmental breaches.





## ASSURANCE STATEMENT

### SGS COLOMBIA S.A. - REPORT ON SUSTAINABILITY ACTIVITIES OF CERREJON COAL LIMITED FOR 2010.

#### NATURE AND SCOPE OF VERIFICATION

SGS Colombia S.A. was requested by Cerrejón Coal Limited (hereafter Cerrejón) and by Cerrejón Zona Norte S.A. (hereafter CZN), together and hereinafter Cerrejón/CZN, to carry out a partial third-party assurance of the Sustainability Report 2010.

The scope of the assurance, based on the SGS methodology of sustainability report assurance, included the text, all the GRI: G3 indicators, the sector indicators for Mining and Metals, and the data tables in this Report.

The information in the Cerrejón/CZN SR2010 and its presentation are the responsibility of the directors and management of Cerrejón/CZN. SGS Colombia S.A. did not participate in preparing any of the materials included in the SR2010.

Our responsibility is to express an opinion on the text, data, graphs, and statements in the scope of the assurance, as explained below, with the aim of providing information to all of Cerrejón/CZN's stakeholders.

This report is assured with a high level of scrutiny, using our protocols for:

- Evaluation of content truthfulness
- Report evaluation in the light of the Global Reporting Initiative Sustainability Reporting Guidelines (2006)
- Evaluation of the 2010 Report in light of the Mining and Metals Sector Supplement
- Comparison of the results with the Sustainability Report from the previous year, SR2009

The evaluation covered a combination of pre-assurance investigation, documentation and review of records, as well as interviews with Cerrejón/CZN employees at various levels of responsibility in different locations (the Mine, Puerto Bolívar, some points of the railway line, the main offices in Bogota). Where relevant, validation was sought from external organisms and/or stakeholders. (Experimental Farm, Kamüsüchiwo'u Ethno-Educational Centre, Foundations System).

The financial data were extracted directly from financial accounts independently reviewed by Deloitte Colombia and have not been re-verified as part of this assurance process.

#### DECLARATION OF INDEPENDENCE AND COMPETENCE

The SGS group of companies is the world leader in inspection, proof, and assurance. It operates in over 140 countries and its service provision includes the certification of management systems and services, quality, environment, occupational health and safety, public accountability and ethics, and training programs; greenhouse gas emission assurance, and the assurance of Sustainability Reports. SGS Colombia S.A. asserts its independence of Cerrejón/CZN, and asserts it is free of biases and conflicts of interest with the organization, its subsidiaries, and the stakeholders. The assurance team was chosen based on their knowledge, experience, and qualifications for this task and comprises expert auditors in the areas of Economics, Environment (ISO 14001 BPA), Human Rights, and Fundamental Rights at Work (SA8000:2008).

#### OPINION OF ASSURANCE

Based on the application of the methodology and the assurance of the work performed, we are satisfied that the information provided in the Sustainability Report 2010 is both accurate and reliable, and depicts a fair and balanced representation of the activities of Cerrejón over the period January 1 to December 31 2010. The assurance team therefore believes that the report can be used when presenting to external organizational stakeholders. In addition, we believe that the organization has chosen an appropriate level of assurance for this phase in their reports.

## GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2006) CONCLUSIONS, RESULTS, AND RECOMMENDATIONS

The indicators presented are sufficient to increase the quality of the reporting process, increase its transparency by reflecting both and positive and negative aspects, promote credibility, and facilitate use of the document. The coverage of the indicators reflects the impacts in the triple accounting of results, omits no relevant information, and allows the stakeholders to assess Cerrejón/CZN's performance for the reporting period. The techniques for measurement, calculation, data discrimination, data aggregation, compilation, and analysis are understandable and no extraordinary effort is needed to undertake an in-depth examination.

Given the ongoing nature of the publication of previous reports, a reasonable comparison can be made as to aims, performance, and chronological information that significantly and responsibly impacts stakeholder decisions. Finally, the dynamics of presenting the Sustainability Report 2009 to the stakeholders shows consistency in the intention to act and communicate properly.

### OPPORTUNITIES FOR IMPROVEMENT

- Dialogue with the stakeholders will always be a work under continual improvement. It is important to be aware of that and to be consistent since the innovation in methodologies for the approach and classification of expectations makes the result more valuable in regards to Social Capital.
- It is important to tabulate the opinions collected in the Sustainability Report evaluation questionnaire and confirm the pertinence of it.
- Presenting the information on time and on a regular schedule is one way of ensuring the stakeholders can make decisions with appropriate information.
- With a reasonable balance, the length of the report should not sacrifice the amount and depth of the information.
- It is important for an assurance team to approach the indigenous communities, the local and peasant communities, NGOs, suppliers and contractors, the regional government, and opinion leaders in order to assess the impact level of the information presented in the SR2010 and to evaluate the influence of these stakeholders in the decision-making as regards Cerrejón/CZN management.
- Process direct GRI acknowledgement for the current report.

Signed by:

For and in the name of SGS Colombia S.A.



**ALVARO BENDECK AHUMADA**  
SYSTEMS & SERVICES CERTIFICATION  
REGIONAL MANAGER SOUTH AMERICA  
August 31 of 2011

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# Glossary

<b>AI</b>	Area of Influence.
<b>BCM</b>	Bank cubic metres.
<b>BBAPP</b>	Behavioural-Based Accident Prevention Process.
<b>BOD<sub>5</sub></b>	Standard measurement for BOD (biochemical oxygen demand) in a water sample. It is a five-day test.
<b>CAS</b>	Conditions, actions, and near-misses.
<b>CIFR</b>	Classified Injury Frequency Rate.
<b>CLM</b>	Cerrejón Leadership Model.
<b>CMC</b>	Coal Marketing Company.
<b>CO<sub>2</sub></b>	Carbon dioxide emissions.
<b>Copaso</b>	Joint Committee on Occupational Health.
<b>Corpoguajira</b>	Regional Autonomous Corporation of La Guajira.
<b>DANE</b>	National Administrative Department of Statistics.
<b>EMP</b>	Environmental Management Plan
<b>FRCP</b>	Fatal Risk Control Protocols.
<b>GJ</b>	Gigajoules.
<b>GRI</b>	Global Reporting Initiative.
<b>ha</b>	Hectare.
<b>IFC</b>	International Finance Corporation.
<b>ISO 14001</b>	Environmental Management System Standard published by the International Standards Organisation (ISO).
<b>IUCN</b>	International Union for Conservation of Nature
<b>JSA</b>	Job Site Analysis.
<b>MBCM</b>	Millions of BCM.
<b>MSDS</b>	Material Safety Data Sheet.
<b>NGO</b>	Non-Governmental Organization.
<b>No<sub>x</sub></b>	Nitrogen oxides.
<b>OHSAS 18001</b>	Standard of the Management System in Occupational Health and Safety created by a number of leading bodies in standardization.

<b>OIS</b>	Operational Integrity System.
<b>PM10</b>	Inhalable dust.
<b>RIFR</b>	Recordable Injury Frequency Rate.
<b>RTDE</b>	Tabaco Self-Development Network.
<b>SEAT</b>	Socio-Economic Assessment Toolbox of Anglo American.
<b>SENA</b>	National Training Service.
<b>SHEC</b>	Safety, Health, Environment, and Communities.
<b>SO<sub>x</sub></b>	Sulfur oxides.
<b>Special hazardous waste</b>	Used lubricant grease, hospital waste, and items soaked with hydrocarbons and chemical substances such as leather work gloves, burlap, cardboard, wood, and paper.
<b><i>Third Party Review (TPR)</i></b>	Third Party Review Panel, which analysed Cerrejón's Social Responsibility management
<b>TSP</b>	<i>Total Suspended Particles</i>
<b>UNDP</b>	United Nations Development Programme.
<b>URG</b>	Uniform Risk Groups.
<b>WCA</b>	World Coal Association.
<b>WQINSF</b>	Water-quality index developed by the National Sanitation Foundation (NSF).



GRI INDICATORS		PLACEMENT IN THE REPORT		WORLD INITIATIVES EQUIVALENCE	
CODE	CONTENT	PAGE NO.	WORLD PACT PRINCIPLE	MILLENNIUM DEVELOPMENT OBJECTIVE	
<b>ORGANIZATIONAL PROFILE</b>					
1.1.	Number of countries in which the organization operates and name of countries where its main operations are located or are especially relevant to the questions of sustainability covered by the report	4 - 7			
1.2.	Description of the key impacts, risks, and opportunities.	29 - 30			
<b>PERFIL DE LA ORGANIZACIÓN</b>					
2.1.	Name of the organization.	2			
2.2.	Main brands, products and/or services	12 - 13			
2.3.	The organization's operating structure, including main divisions, operating units, subsidiaries, and joint ventures.	14			
2.4.	Location of the organization's head office.	3			
2.5.	Statement by holder of highest decision-making power in the organization (such as the CEO, chairperson of the board of directors or equivalent post) on the relevance of sustainability to the organization and its strategy.	15			
2.6.	Type and legal nature of the property.	14			
2.7.	Markets attended.	15			
2.8.	Dimensions of the reporting organization including: <ul style="list-style-type: none"> <li>▪ Number of employees</li> <li>▪ Net Sales (for organization within the private sector) or net income (for organizations in the public sector)</li> <li>▪ Total Capital broken in terms of debt and net assets (for organizations in the private sector)</li> </ul> As well as all the above, the reporting organizations are encouraged to provide further information as appropriate like. <ul style="list-style-type: none"> <li>▪ Total assets.</li> <li>▪ Active owners (including their identity, percentage of ownership and main shareholders)</li> <li>▪ Breakdown by country / regions of the following: <ul style="list-style-type: none"> <li>▪ Sales / assets by country / region making up 5% of more of total assets</li> <li>▪ Costs by country / region making up 5% or more of total assets</li> <li>▪ Employees</li> </ul> </li> </ul>	9 - 10			
2.9.	Main changes during the period covered by the report referring to size, structure or share holdings.	2			
2.10.	Awards and recognitions received in 2010.	16			
<b>REPORT PARAMETERS</b>					
3.1.	Period covered by the report.	2			
3.2.	Date of latest previous report.	2			
3.3.	Cycle of report issue.	2			
3.4.	Data for contact in case of questions about the report or its content.	3			
<b>REPORT SCOPE AND BOUNDARY</b>					
3.5.	Process of report content delineation.	8			
3.6.	Boundaries of report .	2			
3.7.	Range and Limitations and scope or boundary of the report.	2			
3.8.	Basis for reporting information on subsidiaries.				Does not apply to Cerrejón. We do not have subsidiaries.
3.9.	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	93			
3.10.	Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	2			
3.11.	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	2			
<b>GRI CONTENT INDEX</b>					
3.12.	Table declaring the location of the report's basic contents.	GRI Table			
<b>ASSURANCE</b>					
3.13.	Policy and current practice with regard to providing independent assurance for the full Report.		Assurance Statement		
<b>GOVERNANCE</b>					
4.1.	Organization's governance structure.	17			
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer.	17			
4.3.	Organization's Board Structure, state the number of members that are independent and/or non-executive members.	17			
4.4.	Mechanisms for stakeholders and employees to provide recommendations to the Organization's Board.	17 - 19 & 66			

4.5.	Linkage between compensation for members of the highest governance body, senior managers and executives and the Organization's performance.	18		
4.6.	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	18		
4.7.	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the Organization's strategy on economic, environmental and social topics.	18		
4.8.	Internally developed statements of mission or values, codes of conduct and relevant principles.	11 & 15		
4.9.	Board oversight of CSR policies, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	17		
4.10.	Processes for evaluating the board's performance, particularly with respect to economic, environmental and social performance.	18		
<b>COMMITMENTS TO EXTERNAL INITIATIVES</b>				
4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the Organization.	34		
4.12.	Principles or social, environmental and economic programs externally developed as well as any other initiative the Organization subscribes to and approves.	28		
4.13.	Principal memberships associations.	20		
<b>STAKEHOLDER ENGAGEMENT</b>				
4.14.	List of Stakeholder Groups.	31 - 33		
4.15.	Basis for identification and selection of stakeholders.	31		
4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	31 - 33		
4.17.	How the Organization has responded to key topics and concerns, including through sustainability reporting.	31 - 33		
<b>APPROACH TO ECONOMIC DIMENSION</b>				
EC1	Direct economic value generated and distributed	22		7
EC2	Financial implications and other risks and opportunities for the Organization's activities due to climate change.	89 - 91		8
EC3	Coverage of defined benefit plan obligations.	67		
EC4	Significant financial assistance received from government.		Zero. We do not seek external financing on local market nor we have established strategies for alliances.	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at Significant locations of operation.	62		6
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	23		6
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	61		6
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	24		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	22 - 24		
<b>ENVIRONMENTAL DIMENSION, PAGES 71 TO 72</b>				
EN1	Materials used by weight or volume.	86		7, 8, 9
EN2	Percentage of materials used that are recycled input materials.	86 - 87		7, 8, 9
EN3	Direct energy use segmented by primary source.	87 - 89		7, 8, 9
EN4	Indirect energy consumption by primary source.	89		7, 8, 9
EN5	Energy saved due to conservation and efficiency improvement.	89		7, 8, 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result.		Does not apply to this product	7, 8, 9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		During 2010 no projects were executed allowing significant reduction of energy use neither at The Mine nor at port. We implement isolated energy efficiency projects in change of bulbs and air conditioning, but achievements in reduction have not been recorded.	7, 8, 9



EN8	Total water withdrawal by source	78	7, 8, 9	7
EN9	Water sources significantly affected by withdrawal of water.	77 - 78	7, 8, 9	7
EN10	Percentage and total water volume of water recycled and reused.	78	7, 8, 9	7
EN11	Location and size of land owned, leased or managed in biodiversity-rich habitats.	83	7, 8, 9	7
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	83	7, 8, 9	7
EN13	Habitats protected or restored.	84	7, 8, 9	7
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	83 - 85	7, 8, 9	7
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	84	7, 8, 9	7
EN16	Total direct and indirect greenhouse gas emissions by weight.	90 - 91	7, 8, 9	7
EN17	Other relevant indirect greenhouse emissions by weight.	91	7, 8, 9	7
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	89	7, 8, 9	7
EN19	Emissions of ozone-depleting substances by weight.	91	7, 8, 9	7
EN20	NOx, SOx and other Significant air emissions by weight and type.	75 - 76	7, 8, 9	7
EN21	Total water discharge by quality and destination.	78	7, 8, 9	7
EN22	Total amount of waste by type and disposal method.	85	7, 8, 9	7
EN23	Total number and volume of significant spills.	None. During 2010 there were no significant spills of contaminating substances therefore no water resources or habitats were affected.	7, 8, 9	7
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	It does not apply. We do not import or export and hazardous waste in accord to the Basel Convention. All hazardous waste is incinerated in our own facilities and other waste is managed by specialized companies holding all respective permits that submit assurance of all disposals.	7, 8, 9	7
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats Significantly affected by the reporting Organization's discharges of water and runoff.	None. During 2010 there were no significant spills of contaminating substances therefore no water resources or habitats were affected.	7, 8, 9	7
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	We belong to the Asomineros Chamber and ANDI's National Environmental Committee in the review and editing of comments, amendments on new environmental legislature and efficient environmental practices. We are members of the World Coal Association which currently supports research on technologies for discharge and seizure of carbon.	7, 8, 9	7
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Does not apply. We do not use any packaging for selling coal.	7, 8, 9	7
EN28	Monetary value of Significant fines and total number of nonmonetary sanctions for non-compliance with environmental laws and regulations.	92	7, 8, 9	7
EN29	Significant environmental impacts of transporting products and other goods and materials used for the Organization's operations, and transporting members of the workforce.	88	7, 8, 9	
EN30	Total environmental protection expenditures and investments by type.	27	7, 8, 9	
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	80 - 83	7, 8, 9	
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	83	7, 8, 9	
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks.	85 - 86	7, 8, 9	

**LABOUR PAGES 57 to 58**

LA1	Total workforce by employment type, employment contract, and region.	58 - 59	6	3
LA2	Total number and rate of employee turnover by age group, gender, and region.	60	3	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	66	3	
LA4	Percentage of employees covered by collective bargaining agreements.	67	3	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	We have kept our policy of publicly announcing operational changes through all internal communication channels like boards, news, magazines, intranet and websites. Additionally every operational changes is analyzed through corporate change control processes that are part of the Company's Operational Integrity System.	3	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	37		6
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	35 - 36		
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	68 - 69		
LA9	Health and safety topics covered in formal agreements with trade unions.	67		
LA10	Average hours of training per year per employee, by employee category.	63		
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	64 - 65		3
LA12	Percentage of employees receiving regular performance and career development reviews.	66	6	3
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	58 - 59		
LA14	Ratio of basic salary of men to women by employee category.	62		
MM4	Number of strikes and lock-outs exceeding one week's duration, by country.	None.	1, 2 y 4	3

**HUMAN RIGHTS PAGES 48 to 49**

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	None. We do not have investments in other mining operations in Colombia or out of the country, as no strategies to have a stake in other organizations therefore all our commercial relations are with local contractors.	1	3
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	In 2010 there were business deals with 500 providers. In none of them we identify human rights violations.	1, 6	3
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	49	1, 3	
HR4	Total number of incidents of discrimination and actions taken.	51	1, 5	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	54 & 67	1, 4	
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	50	1, 2	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labour.	50	1	
HR8	Percentage of security personnel trained in the Organization's policies or procedures concerning aspects of human rights that are relevant to operations.	49		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	51		
MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities.	12 - 13		

**SOCIETY PAGES 16 to 19**

S01	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		38	
S02	Percentage and total number of business units analysed for risks related to corruption.		19	
S03	Percentage of employees trained in Organization's anti-corruption policies and procedures.		18	7
S04	Actions taken in response to incidents of corruption.		19	10
S05	Public policy positions and participation in public policy development and lobbying.	Cerrejón does not participate in lobbying activities and does not intervene in public policy.	10	8
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	None. There were none during 2010	10	8
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	None. There we no actions related to monopolizing behaviour against free market.		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None. There were none in 2010		
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.		51	
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes.		51	
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.		21	3
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.		45	3
MM10	Number and percentage of operations with closure plans.		92	

**PRODUCT RESPONSIBILITY PAGES 24 to 25**

PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		24 - 25	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their lifecycle, by type of outcomes.		25	
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	There are no existing codes or relative voluntary standards applicable to market communications in the industry.		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	None. There were none in 2010		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		25	
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Does not apply.		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	None. There were none in 2010.		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		25	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	None. There were none in 2010		
MM11	Programmes and progress relating to materials stewardship.		86	



**Documentation, Analysis, and Coordination of the Preparation Process**

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