

SUSTAINABILITY
REPORT | **2016**

Year of partnerships with the territory





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This is the twelfth year of a sustainability report (hereinafter, IS 2016 or report) we have issued yearly without interruptions since 2005 to report on our economic, social, and environmental performance. It includes the management and information of the companies titled Carbones del Cerrejón Limited and Cerrejón Zona Norte S.A. (both of which are hereinafter collectively referred to as Cerrejón) for the period of January 1 to December 31 of 2016.

Standard and level of compliance: This report has been drafted according to the core option of the Global Reporting Initiative (GRI) standards.

Consolidation: Cerrejón Division of Corporate Affairs and Communications

External consultancy: PricewaterhouseCoopers A.G. – PwC and Sustainable Week

External independent verification: Deloitte & Touche, following international standard ISAE3000, in line with our commitment, from the highest levels of the organization down, to guarantee information traceability and reliability. Please see the assurance report on page 106.

When it has been deemed necessary to modify the formula or calculation base of any indicator compared to data provided in previous reports, the corresponding explanation has been included in each section. There are no changes in what the report covers compared to the previous year.

Corporate Name

Carbones del Cerrejón Limited. A foreign corporation that is 100% private and domiciled in Anguilla, British West Indies. Cerrejón Zona Norte S.A. A Colombian public limited company that is 100% privately owned. Its main domicile is in Bogotá.



For more information please watch the video on the sustainability report



THREE DECADES IN OPERATION

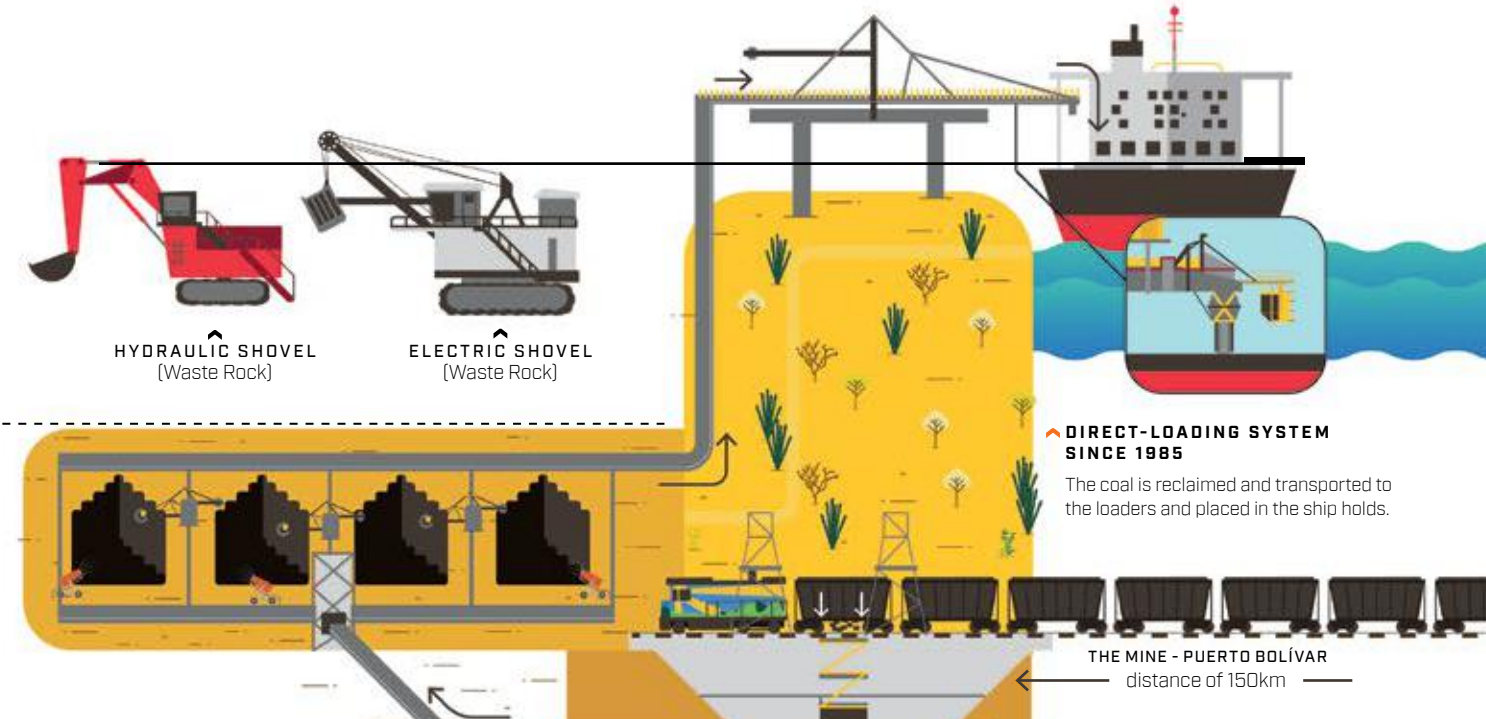
01



IN 2016, WE CELEBRATED thirty years since we began making this dream a reality, which has been possible thanks to the efforts of more than 15,800 persons who have constructed one of the largest coal operations in the nation, showcasing the opportunity represented by this mineral for the Colombian economy since it is currently the second largest national export product. Thanks to these thousands of persons who have participated with us throughout our history, we have managed to position Cerrejón and Colombia as one of the foremost providers of thermal coal worldwide.

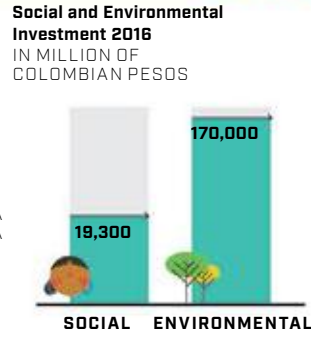
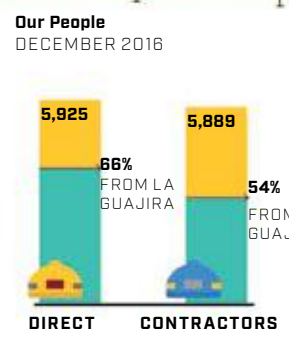
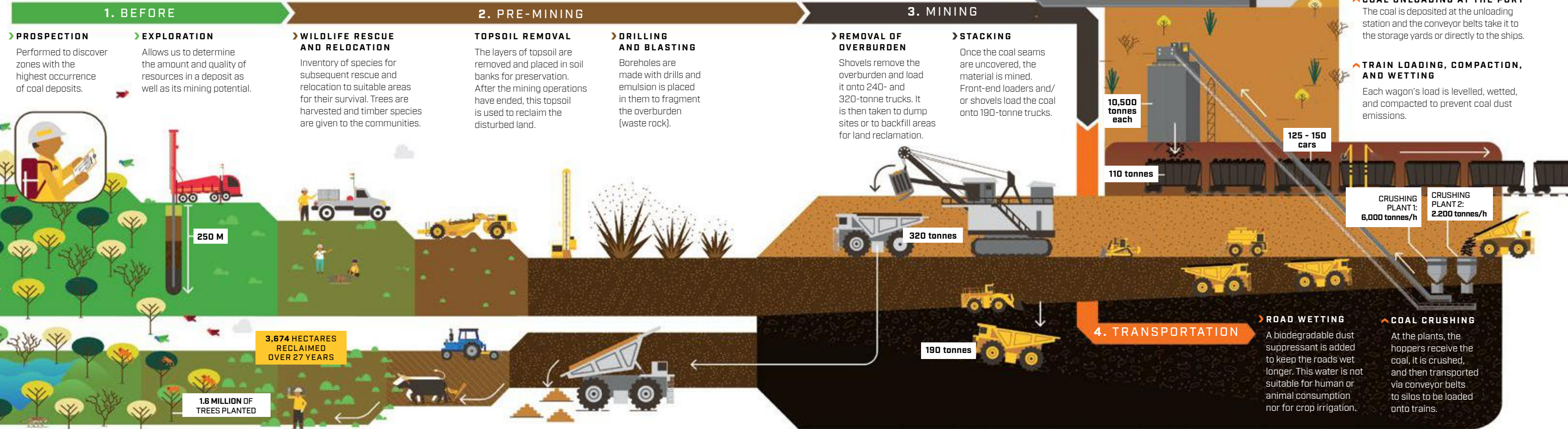
After three decades and over 650 million tonnes of coal exported, having sponsored the education of more than 12,000 local youths and having contributed COP 13 billion to the nation's coffers in taxes and royalties in the past 15 years, we continue to participate in the development of La Guajira, leaving it with an installed capacity as our legacy and as part of our contribution to this region.

01 OUR COMPANY



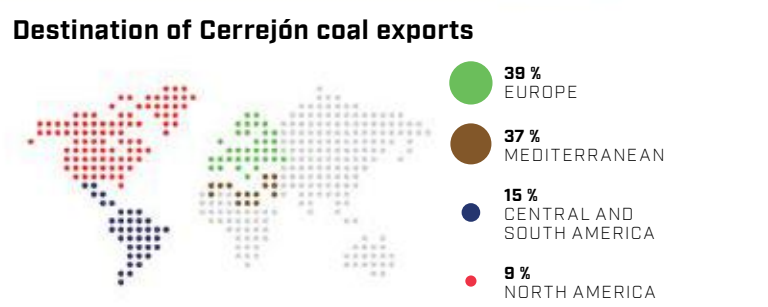
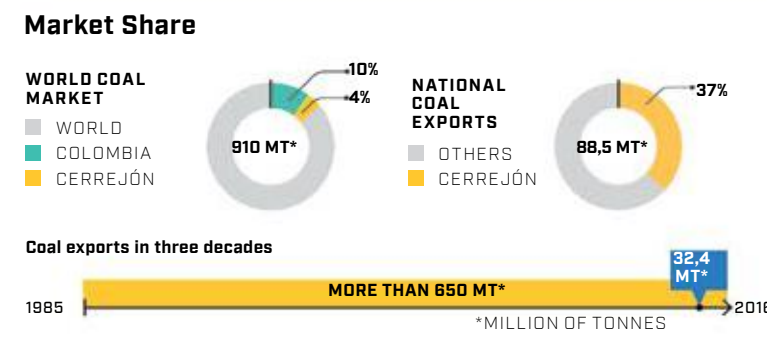
Coal production process

OUR INTEGRATED OPERATION (MINE, RAILWAY, AND PORT) ADHERES TO THE HIGHEST STANDARDS AND THE INDUSTRY'S BEST PRACTICES TO ENSURE OUR ACTIVITY IS RESPONSIBLE TOWARDS OUR WORKERS, OUR NEIGHBOURING COMMUNITIES, AND THE ENVIRONMENT.



LAND RECLAMATION

- REVEGETATION**
Plant enrichment of stabilized areas by planting native species to form diverse, multi-stratified vegetation communities that can become integrated into the regional ecosystems and function as areas for the conservation and propagation of native species.
- SOIL STABILIZATION**
After wetting the soil, herbaceous species are planted to stabilize it. These plants structure the soil and create a vegetation cover that protects it from erosion, increases infiltration and water retention, and creates organic matter and nutrient availability.
- BACKFILLING AND LAND PREPARATION**
Areas for reclamation in old dumps or old, backfilled pits are reshaped, preparing them for the formation of new soil to be the medium for the formation of new soil to be the medium to support life.



A Message from the CEO

SUMMARIZING IN a couple of pages the main results and challenges of a company such as Cerrejón can omit many topics we are convinced shall make a difference looking to the future. Challenges, commitments, and values are more relevant when spoken aloud. Therefore, this year we made the decision to present the Letter from the CEO in video format, through an interview conducted in Bogotá in June of 2017 between Carolina Urrutia, director of Semana Sostenible (Sustainable Week), and Roberto Junguito Pombo, the CEO of Cerrejón. We invite you to watch the interview *Message from the CEO*. Below, we offer some key aspects that are worthwhile underscoring, based on this conversation.

2016, A YEAR OF CHALLENGES AND OPPORTUNITIES

Among the major challenges faced during this reporting period, two events were seminal: the impacts caused by the El Niño phenomenon and the volatility of international coal prices. Faced with the former, Cerrejón kept up the programs geared towards supporting the community with various partners to offer water-supply solutions in the region. Confronted with the lowest prices of the past 12 years, thanks to joint efforts amongst employees,

contractors, and senior management, we managed to enhance the company's efficiency and competitiveness and thus ensure our sustainability.

From the events of this year, we should highlight the creation of the Guajira 360° think tank in partnership with Promigas, the Chamber of Commerce of La Guajira, and Fundesarrollo. This think tank is an important step in contributing towards La Guajira having the most robust technical elements to think about the region's future based on its real-life circumstances and needs. Advances made on a project with the participation of various sectors spearheaded by TRUST must also be underscored, since it might become the cornerstone for future strategies in La Guajira.

Cerrejón also made strides in projects seeking to ensure the competitive edge and continuity of our business, including expansion works at the La Puente Pit, the start of operations at the Annex Pit, and the execution of infrastructure plans to dispose of the necessary assets and continue operations during the concession period approved up to 2033.

FACING DEBATES

Cerrejón is proof that, properly managed, mining is completely compatible with protecting the environment when stewardship of resources and proper care of waste is part of a company's DNA. The

direct-loading system (in place since the company began operations), as well as the measures taken over 25 years to rehabilitate land disturbed by mining activities, are proof that, when managing the environment is a foundational pillar, development can be fully compatible with environmental stewardship.

The experience of promoting tourism, particularly through the Hotel Waya Guajira, and the agricultural projects carried out in a portion of the 3,674 reclaimed hectares (cumulative as of the end of 2016) prove that (in the case of open-pit mining) it is possible to combine other economic activities with the exploitation of mineral resources.

Polarization in the organizations that oppose mining on ideological grounds and appeal more to feelings rather than data has affected the credibility of mining companies. Cerrejón has identified one way to face this challenge: by fully disclosing its operations to third-party validators, technically trained and well-informed people who know that learning the details can be a source of credible information.

THE FUTURE OF MINING AND CERREJÓN

Colombia has very large resources that are fundamental to the nation's development. Cerrejón has proven in practice that this economic activity is compatible with agriculture and tourism and that it can be an engine for local economies and the development of our area of influence. The company has been directly involved in contributing to the region's prosperity based on the



Los invitamos a ver la entrevista
Mensaje del presidente



▀ Roberto Junguito, CEO of Cerrejón.

premise that, if the region flourishes, so shall the company's business.

One of the cornerstones of Cerrejón's social engagement focuses on increasing local skills to access better job opportunities and higher incomes in diverse economic activities aimed at leaving the region with present and future installed capabilities. Thus, the idea is to promote sustainability and empower communities to generate the necessary transformations so as to narrow social gaps.

In another vein, the prime need vis-à-vis the post-conflict in terms of the role of the private sector in this period of peace-building is the opportunity to consolidate itself as employers offering the best labour conditions, especially in

the nation's rural areas. Mining (which takes place over a large portion of the national geography), insofar as it operates based on the highest labour standards, shall continue being a source of decent, stable employment in the regions that need it. Today, close to 250,000 people depend directly on mining and nearly 900,000 additional people are connected to the industry.

In regards to climate change, investing in and developing renewable energies is an important option, but some technical challenges must still be resolved, such as connections, stability, and storage. Taking into account that the International Energy Agency calculated that, from now to 2040, close to 40% more energy shall be required (based

on current consumption) and that nowadays about 1.2 billion people have no access to electrical power worldwide, coal shall continue to be an essential component in the energy basket as it is a reliable, competitively-priced, abundant, well-known, and stable energy source.

For the use of coal to be feasible and sustainable, investments in technology are required to increase its efficiency and diminish emissions. There are other options, such as capturing carbon emissions in the subsoil so that they do not reach the atmosphere, so therefore the technological renovation of electrical power plants could have major advantages in comparison to marginal increases in the use of renewable energies. It has been demonstrated



Carolina Urrutia, director at *Semana Sostenible* magazine (Sustainable Week), interviews Roberto Junguito, CEO of Cerrejón.

that coal-based high-range plants that use advanced technology are going to be as environmentally friendly as a renewable energy project requiring a similar level of investment, and would produce close to four times more energy.

CHALLENGES AND STRATEGIC VISION

Cerrejón's principal challenge is the manner in which we contribute increasingly more effectively to the development of La Guajira and its communities. Contributions in the past have not necessarily been translated into changes in the local economic and social reality, and that is why our purpose is to continue leveraging sustainable, replicable high-impact projects for the region.

Another challenge shall continue to be to properly inform and participate in the technical debate on mining.

Unfortunately, this is an activity that is easily attacked, and the challenge is for people to really learn the facts and figures of what Cerrejón engages in.

From the region's standpoint, the main challenge is the access to and management of water.

Cerrejón is committed to making an efficient, responsible use of this resource by endorsing initiatives for the conservation of water resources in the area and participating in the construction of medium- and long-term water-access solutions.

In our operations, 93% of the water used is industrial that is not fit for human or animal consumption or for use in agriculture. It comes from rainwater and coal seam dewatering. The other 7% is high quality that comes principally from the Ranchería River; it is consumed by the 12,000 people who work in the operations and is distributed

to communities. In addition, in 2016 Cerrejón contributed to undertaking two strategic initiatives: a hydrogeological survey of La Guajira in partnership with the Colombian Geological Service and the organization of the Water Research Centre (Winka) project with the Ministry of Education, the local governor's office, and the University of La Guajira to generate capabilities to tackle future water-related challenges in the region.

On a different note, in terms of foreign conditions, nowadays in Colombia we see a major challenge in regards to the lack of stability in the rules of the game for the private sector, including the mining sector, which considerably affects the nation's capacity to maintain and attract foreign investment. When the tax structures change, the legal rulings vary, or new obligations (even those connected to State responsibilities) are generated for companies, this translates into an environment of uncertainty for investors, which sends a negative signal out to the international arena.

SUSTAINABILITY REPORTS, AN EXERCISE IN TRANSPARENCY

For Cerrejón, rendering accounts of our operations is fundamental. These reports make the more salient aspects of the facts and figures of our yearly performance available to any interested party. Since 2005, the company has been committed to the UN's Global Compact initiative, and we maintain our interest in presenting our results and challenges on ten principles related to human rights, labour standards, the environment, and anti-corruption practices. ■

Our Materiality Analysis

IN ORDER TO DETERMINE the most relevant issues to present in this report, we have taken into account both their importance to our stakeholders and our view of those that are fundamental to our management. For this reporting period, we updated material issues in the following three stages.

Identification – Consultation of information sources. In this first phase, we reviewed the following documents to understand the context of Cerrejón's operations:

- The prioritized human rights impacts and risks identified in a study by TRUST for Cerrejón (See details on page 47).
- The criteria established in sustainability indices with respect to industry performance (DJSI and FTSE4Good), as well as in relevant publications.
- The topics mentioned in the image and reputation study that we carry out every two years for regional and national community representatives, leaders, employees, and journalists. The last version by the National Consultancy Centre between November and December of 2015 had 1,695 participants.
- News items about Cerrejón in national and regional news media, which totalled 3,249 publications in 2016.
- Cerrejón's corporate risk matrix.
- Engagement activities with international audiences, which



Dialogue on the report's materiality, held in March of 2017.

included meetings and visits of news media representatives, foreign governments, NGOs, and clients.

- Material issues or those of great relevance for Cerrejón's shareholders and those recorded in our last two sustainability reports.
- Based on this information, we identified the common and most relevant elements, which resulted in a list of 30 key aspects.

Prioritization and Validation:

We carried out a review and

prioritization exercise for the material aspects identified, by means of:

- A dialogue session with 50 representatives from our workforce, contractors, journalists, communities, and local authorities, held on March 2 of 2017.
- A survey of 15 of our company managers

As a result of this process, we identified 14 material issues that will be addressed throughout this report. (See graphic on page 10).

MATERIALITY

As a result of a materiality analysis, we identified whether each item had been perceived by stakeholders as a positive or negative **impact** generated by our operation, as a **risk**, as an **opportunity**, and/or whether it should be subject to **accountability**.

◆ IMPACT (POSITIVE OR NEGATIVE) ◆ RISK ◆ ACCOUNTABILITY ◆ OPPORTUNITY ◆ MATERIAL ISSUES SINCE THE SUSTAINABILITY REPORT 2015

MATERIALITY PROCESS



COMPREHENSIVE WATER MANAGEMENT 26

- 1- Access to water in the region ◆◆◆◆
- 2- Efficient and responsible use of water in the operation ◆◆◆◆

COMMITMENT TO BIODIVERSITY IN LA GUAJIRA 34

- 3- Stewardship and conservation of biodiversity ◆◆◆◆

ACTIONS TO ENSURE AIR QUALITY 40

- 4- Air-quality management ◆◆◆◆

MANAGEMENT OF OUR OPERATIONAL IMPACTS 46

- 5- Commitment to human rights ◆◆◆◆
- 6- Respect for the right to prior consultation of ethnic communities ◆◆◆◆
- 7- Engagement and respect for the rights of indigenous communities ◆◆◆◆

THE VALUE OF MINING FOR LA GUAJIRA 62

- 8- Improvement of quality of life of communities in the area of influence ◆◆◆◆
- 9- Engagement with the community of La Guajira ◆◆◆◆
- 10- Company role during the post-conflict period ◆◆◆◆

COMMITMENT WITH WORK IN LA GUAJIRA 72

- 11- Safe and healthy work environment ◆◆◆◆
- 12- Increase in the local workforce and local supplies ◆◆◆◆
- 13- Strengthening suppliers and generation of production chains in the region ◆◆◆◆

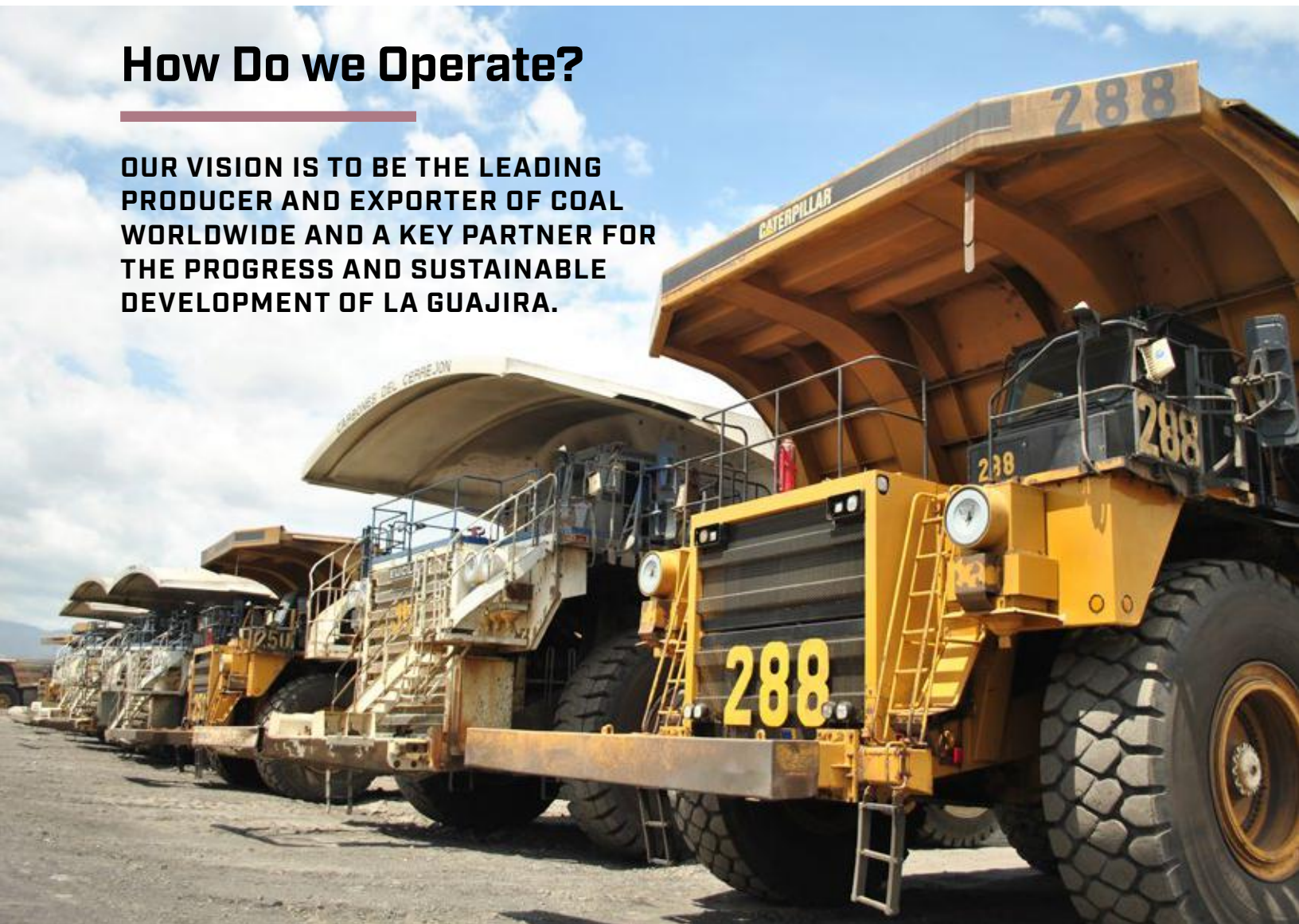
OUR MINE CLOSURE PLAN 94

- 14- Mine closure plan ◆◆◆◆



How Do we Operate?

OUR VISION IS TO BE THE LEADING PRODUCER AND EXPORTER OF COAL WORLDWIDE AND A KEY PARTNER FOR THE PROGRESS AND SUSTAINABLE DEVELOPMENT OF LA GUAJIRA.



CORPORATE GOVERNANCE

Our structure includes a shareholders' committee, which the CEO reports to, made up of representatives from Anglo American, BHP, and Glencore subsidiaries. Our work team is organized under five departments, one manager, and one director, which reports to the CEO. Cerrejón coal is 100% exported and is exclusively marketed by CMC, based in Atlanta and Dublin.

- **Mision.** Produce and export coal in an efficient, reliable, and profitable manner, meeting the highest standards in safety, health, environment, and business ethics, and contributing to the progress of our people, neighbouring communities, and La Guajira.

TO LEARN MORE ABOUT OUR PARTNERSHIPS, CERTIFICATIONS AND MEMBERSHIPS, VISIT WWW.CERREJON.COM

GRAPH 1

CORPORATE GOVERNANCE

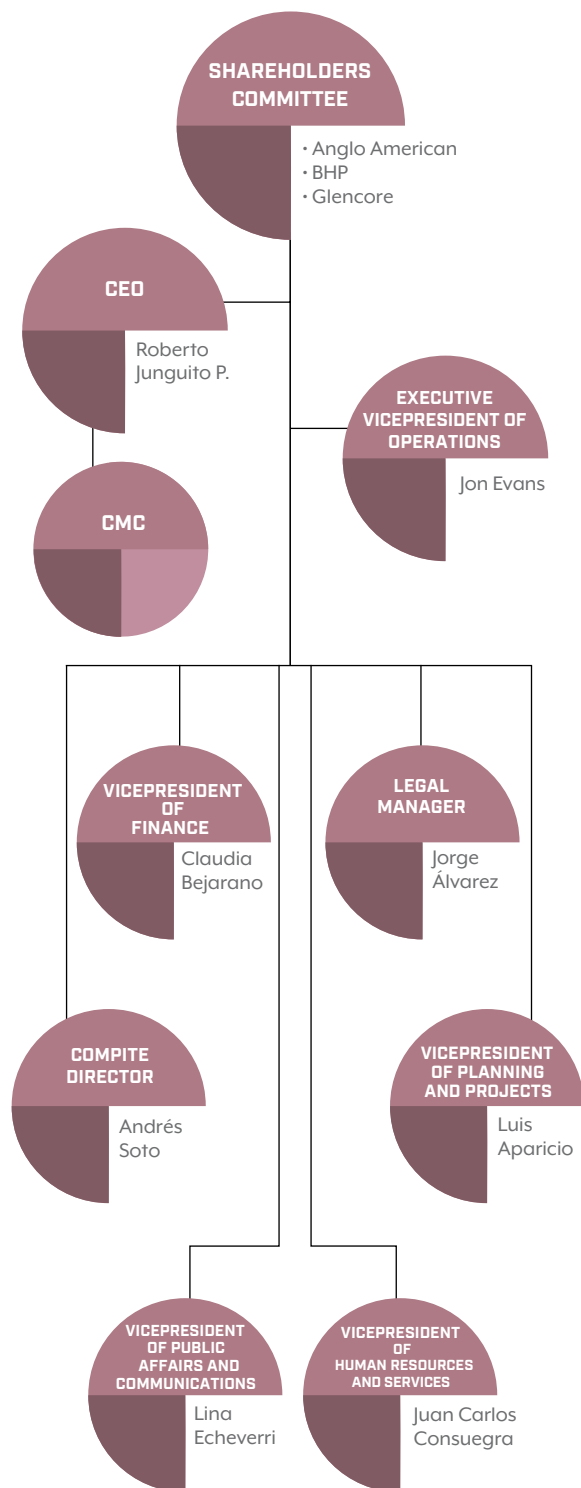


TABLE 1

COMMITTEES FOR STRATEGIC DECISION-MAKING

COMMITTEE	OBJECTIVE
Shareholders' Committee	<ul style="list-style-type: none"> It approves corporate strategy, evaluates the company's performance, and approves the budget.
Audit and Finance Committee	<ul style="list-style-type: none"> Deals with matters related to external and internal controls and audits. Additionally, it reviews financial issues.
Presidency Committee	<ul style="list-style-type: none"> Deals with issues that require the direction and decision of senior management.
Strategic Committee on Safety, Health, Environment, and Community (SCSHEC)	<ul style="list-style-type: none"> Strategically directs the safety, health, environment, and community aspects of Cerrejón.
Operational Integrity Committee	<ul style="list-style-type: none"> Monitors and evaluates the management and results of operational integrity.
Internal Control Committee	<ul style="list-style-type: none"> Evaluates deviations from the Conduct Policies and Guidelines, and approves sanctions, if applicable. It also approves changes to these policies..
Management Development Committee	<ul style="list-style-type: none"> Evaluates human management issues, such as changes in organizational structure, establishment of new programs and policies, or adjustments in terms of personnel, performance, talent development, compensation, work, and occupational health.
Management Committee	<ul style="list-style-type: none"> Approves cases required in accordance with the Delegation of Authority Guide (DOAG), mainly associated with procurement and contracts.
Social Investment Committee	<ul style="list-style-type: none"> Reviews and approves programs and projects associated to the company's impact management and social investment.

These committees monitor the adoption, follow-up, and monitoring of guidelines, policies, guides, and programs.

STANDARDS AND CERTIFICATIONS

To guide our management, we have taken as a reference and voluntarily adopted the following standards and initiatives that promote respect for human rights:

- The United Nations Global Compact.
- The Social and Environmental Performance Standards of the International Finance Corporation (IFC).
- The Sustainability Framework of the International Council on Mining and Metals (ICMM).
- The Voluntary Principles on Security and Human Rights.
- The United Nations Framework. Protect, Respect, and Remedy and its 31 Guiding Principles

Additionally, we have the following certifications:

- ISO 14001 (Environmental Management)
- OHSAS 18001 (Occupational Health and Safety)
- Accreditation NTC-ISO17025 to Cerrejón Environmental Laboratory

PARTNERSHIPS AND MEMBERSHIPS

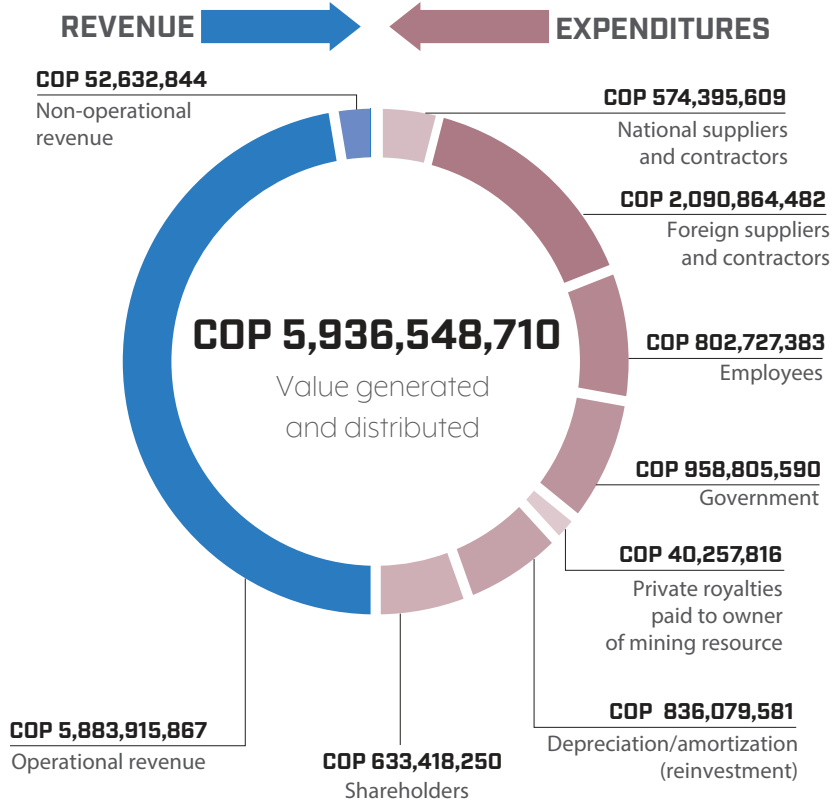
We are convinced that coordination with different partners allows us to increase the possibilities of learning and achieving shared visions whose positive impact can be much greater and more effective than uncoordinated actions. Based on our experience, vocation, and goals, we can all contribute to the development of our country and regions.

That is why we have established partnerships and memberships at national and international levels that have allowed us to strengthen sustainability management in our business, share good

GRAPH 2

GENERATED AND DISTRIBUTED ECONOMIC VALUE

Thousands of Colombian pesos (COP) as of December 31 of 2016, prepared under International Financial Reporting Standards (IFRS).



COP 1.1

billion paid in royalties and taxes to the government in 2016, of which approx.

COP 0.96

billion were included in the financial statements for that year

Approx. **COP 3.7**

billion in CDC's assets

Approx. **COP 2.2**

billion for CZN assets, as of December 31 of 2016

Approx.

COP 2.4

billion in net sales by Carbones del Cerrejón Limited (CDC)

Approx.

COP 1.4

billion in net sales by Cerrejón Zona Norte (CZN).

COP 19.369

billion in social investments in 2016.

Approx.

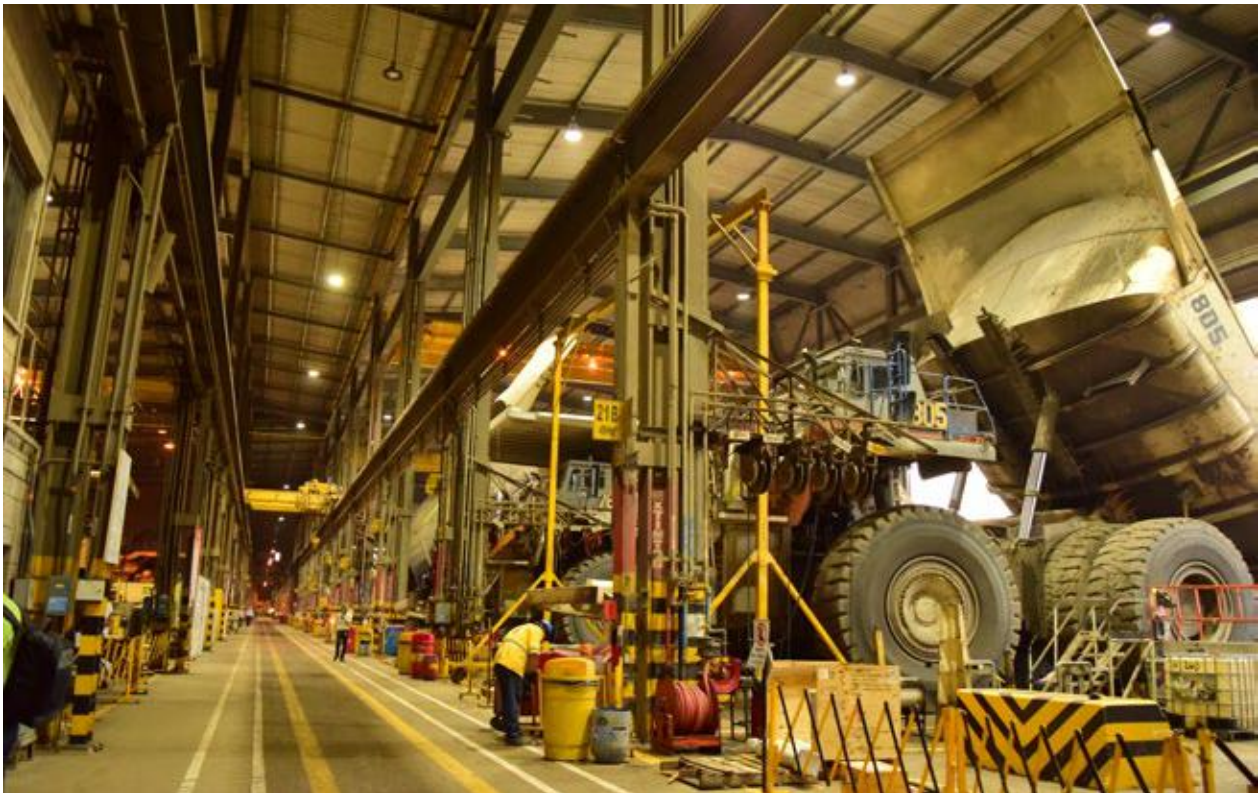
COP 3.8

billion in liabilities by CDC

Approx.

COP 2.4

billion in liabilities y CZN as of December 31 of 2016



■ The risk-management process includes regular reviews and assessments of control effectiveness.

practices, and strengthen our lines of research.

GRAPH. 3

MONITORING AND REVIEW

Our Risk and Impact Management

Cerrejón’s risk management has been established following the standards defined in ISO 31000 and is based on the identification, analysis, evaluation, and treatment of risks by each company area (including both operational and associated strategic processes) to sort them according to the impact that their materialization would generate.

Once identified and analysed, critical controls are designed and applied to reduce the probability of occurrence or the impact of the risk event. Subsequently, they are verified taking into account pre-established performance standards and the creation of action plans for their follow-up.





Image of cycling tour in the community of Santa Ana.

EACH OF OUR BUSINESS AREAS EVALUATES ITS ACTIVITIES AND ASSOCIATED RISKS IN BOTH STRATEGIC AND OPERATIONAL TERMS

The main aspects we evaluate are related to health, safety, environment, communities, and company issues in the legal, financial, and reputational arenas.

Our risk management process is ensured through regular reviews, and its results are reported to our shareholders, emphasizing the most significant risks to the business. These issues are part of their annual audit.

In this context of risk management, we take the precautionary principle as a reference to avoid taking risks in our operation that, if materialized, could cause irreversible damage to our stakeholders or the environment, even if there is no scientific certainty.

ENGAGEMENT WITH STAKEHOLDERS

Dialogue is the best mechanism for building common goals and engagement rules in this region. At Cerrejón, dialogue helps to get to know our social players, as well as the different sectors and groups interested in our management in order to understand their perceptions, expectations, and interests and to build with them the means by which we go about our operations so that they are useful for both the country and region.

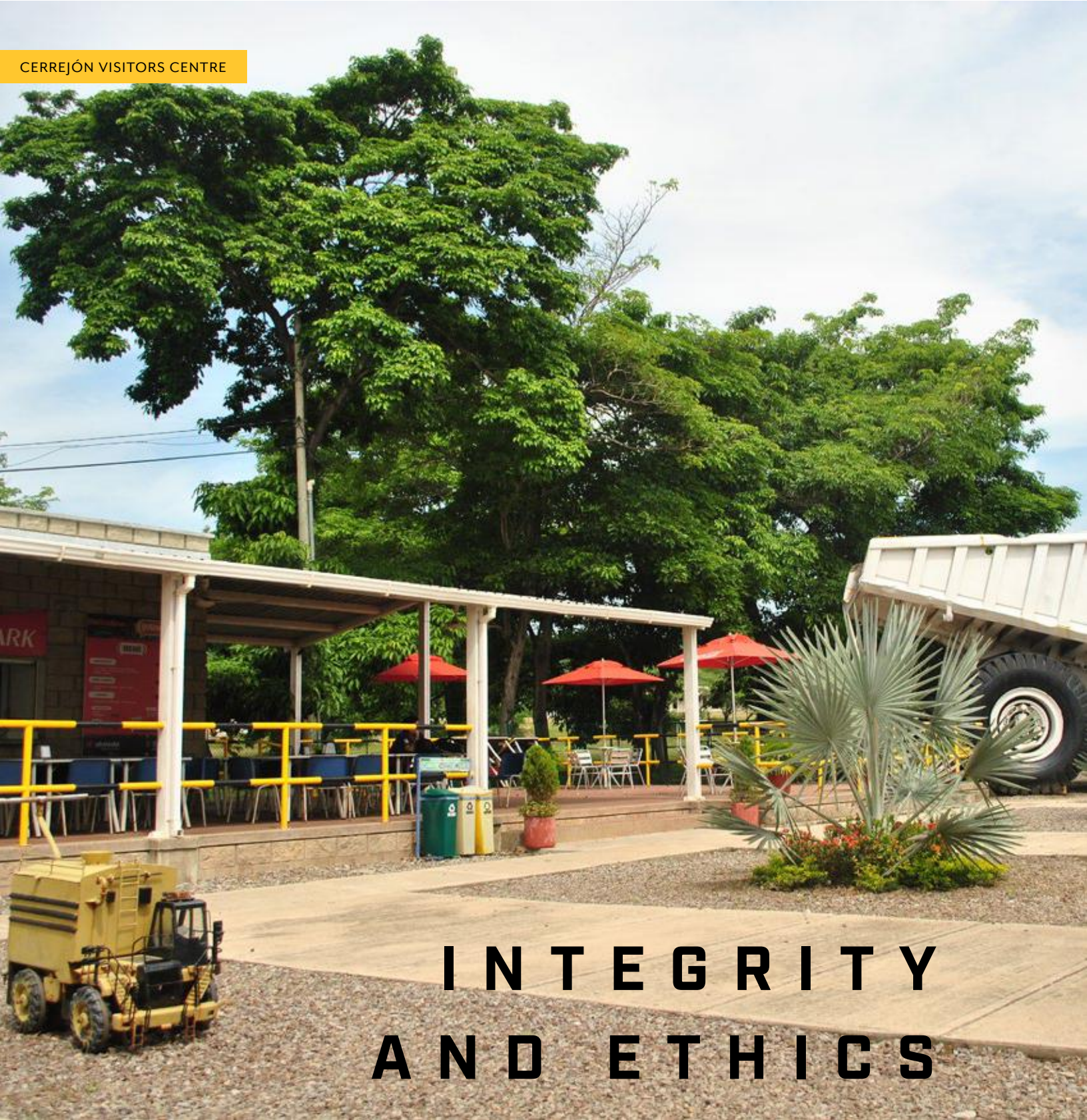
At Cerrejón, we identify our stakeholders based on the Organization for Economic Cooperation and Development (OECD) document for due diligence for engagement with stakeholders, defining these as individuals or groups that are or can be impacted directly or indirectly by our operations or by our programs.

In this regard, we work to maintain mechanisms of engagement with them in order to maintain two-way, transparent communications, as well as to learn about their needs and expectations concerning our management. This is how we are committed to exploring ways that allow us an increasingly fluid and higher-quality dialogue, especially with all our stakeholders in La Guajira.

TABLE 2

GROUP	ENGAGEMENT MECHANISMS
Communities and Associations	<ul style="list-style-type: none"> • Community Service Office (permanent) • Complaints Office (permanent) • Security Impact Dialogue Meetings (as needed) • Engagement Agenda (permanent) • Air Quality Monitoring Committee
Employees	<ul style="list-style-type: none"> • Suggestions Box (permanent) • Presidency Communications Meeting (biannual) • Communication Campaigns by Topic (permanent) • Intranet (permanent) • Reporting Channels (permanent)
Unions	<ul style="list-style-type: none"> • Follow-up Commissions for the Collective Bargaining Agreement • Regular and Extemporaneous Meetings by Topic
Suppliers and Contractors	<ul style="list-style-type: none"> • E-supplier platform (permanent) • Contractors Meeting (every two years) • Audits (annual and as required) • Tracking through contract administrators (permanent)
Government and Authorities	<ul style="list-style-type: none"> • Inter-Institutional Partnerships (as required) • Participation in the Regional Commission for Competitiveness and Innovation in La Guajira • Participation in the Private Competitiveness Council • Reports (as required) • Engagement Agenda (permanent)
Clients	<ul style="list-style-type: none"> • Annual Roundtable • Visits • Engagement through CMC, exclusive marketing agent of Cerrejón coal
News Media and Opinion Leaders	<ul style="list-style-type: none"> • News media agenda with each actor (permanent) • Journalism contest (annual) • Workshops for journalists (as required) • Meeting of the CEO with groups of journalists (annual) • Response to requests for information or inquiries (permanent)
Academia	<ul style="list-style-type: none"> • Engagement agenda (permanent) • Partnerships (as required) • Forums and events (as scheduled)
Trade association and companies	<ul style="list-style-type: none"> • Meetings and boards of directors (as required) • Forums and events (as scheduled)
NGOs	<ul style="list-style-type: none"> • Reports on the status of the Third Party Review Committee (biannual) • Newsletter to national and international stakeholders (7 times a year) • Engagement agenda (permanent) • Responses to requests for information or inquiries (permanent)

CERREJÓN VISITORS CENTRE



**INTEGRITY
AND ETHICS**

02



AT CERREJÓN, CORRUPTION AND BRIBERY ARE UNACCEPTABLE. OUR ZERO-TOLERANCE POLICY IS ALIGNED WITH THE HIGHEST INTERNATIONAL STANDARDS ON ETHICS AND TRANSPARENCY. TO MEET THESE STANDARDS, WE RELY ON CONSTANT INNOVATION AND ABSOLUTE CLARITY AND EXAMPLE ON THE PART OF OUR EXECUTIVES: THERE ARE NEVER EXCUSES FOR CORRUPTION THAT COSTS THE COUNTRY SO DEARLY.

OUR MAIN TOOLS to ensure compliance with our standards of ethics and integrity are corporate governance, conduct policies and guidelines and, of course, the constant monitoring of compliance, as well as anti-corruption management and reporting channels available for anyone associated with our business.

C O R P O R A T E G O V E R N A N C E

Principles, rules, and mechanisms that regulate the interaction of key decision-making bodies in the company is fundamental to us. Therefore, our shareholders (Anglo American, BHP, and Glencore) have mandated our CEO's office to reach targets and to define the correct way to achieve them.

Consequently, the Delegation of Authority Guide (DOAG) and our Conduct Policies and Guidelines guide our organization in all its actions. These guidelines contribute to the strengthening of controls and help prevent the occurrence of identified risks.

C O N D U C T P O L I C I E S A N D G U I D E L I N E S

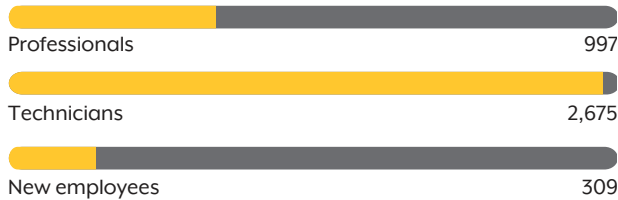
Committed to the premise of working with integrity, we have 19 mandatory and enforceable policies applicable to our operation in Colombia, including all our employees and the organizations with which we work. In the current context, these measures are particularly relevant as we are aware that ethics and transparency issues deteriorate the value of economic activities in all industries.

1. Ethics (includes Anti-Corruption Guide)
2. Conflict of Interests
3. Political Activities
4. Human Rights
5. Social Labour Responsibility
6. Leadership Positions
7. Safety, Health, Environment, and Community
8. Alcohol and Drug Use
9. Equal Opportunities
10. Productive Working Environment
11. Customer Relations and Product Quality
12. Communications
13. Management Oversight
14. Fraud Control
15. Risk Management
16. Security Systems
17. Travel Expenses and other Expenses
18. Fostering Employability for Communities in the Area of Direct Influence
19. MLFT (Money Laundering and Financing of Terrorism) Self-Monitoring and Risk Management System

The Internal Control area is responsible for the disclosure of each of the corporate policies through dialogue or courses to employees and partners. An example of this is the certification in policies that we provide to professional employees every two years, and orientation courses, which are carried out with qualified technical personnel (technicians, operators, auxiliaries, secretaries and office workers) after their vacations.

GRAPH 4

EMPLOYEES TRAINED IN CORPORATE POLICIES IN 2016



MANAGEMENT FACING CONFLICTS OF INTEREST

Any business relationship Cerrejón establishes with third parties, including hirings and donations, can lead to conflicts of interest that jeopardize the impartial decisions we make.

We therefore conduct due diligence to be able to identify potential conflicts of interest with government employees or third parties before entering into a contractual or employment relationship. We also carry out a declaration of conflicts of interest every two years, where all professional employees must report situations that could constitute a conflict in the course of their activities.

With respect to the declaration exercise, the area carries out the respective analyses and informs the employee when a possible conflict has been identified and makes recommendations on how to handle it. Where the declarant holds an executive position, the matter is presented to the Internal Audit Committee, responsible for making decisions and corresponding actions.

All our employees have an obligation to report any possible conflict as soon as it has been identified to ensure that relevant and timely action is taken.

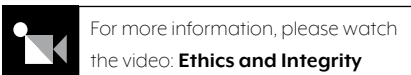
ANTI CORRUPTION MANAGEMENT

Anti corruption management is led by our Legal Department's Compliance Office, which ensures that prevention processes are carried out through the anti-corruption program, which contains a plan for training, reviewing, and endorsing high-risk due diligence.

Anticipating the indications of the national government, the anti corruption program was implemented in 2013. Therefore, when the Superintendency of Corporations obliged companies similar in nature to Cerrejón to have an anti corruption program (implemented as of March 30 of 2017), the company's program had already been in existence for more than three years.

We perform an annual risk analysis for corruption for each of Cerrejón's departments in order to identify which of them are vulnerable and start instruction and training to prevent the risks from materializing.

From our due diligence procedure for the activities that we conduct with third parties, we also apply the risk management methodology to identify situations that may lead to corruption, money laundering, or terrorist financing and to conduct audits to prevent or mitigate such risks.



Finally, we conduct quarterly monitoring processes to ensure compliance with procedures and avoid any kind of deviation.

REPORTING CHANNELS

The Internal Audit Department is responsible for managing reporting channels, conducting the necessary investigations, and ensuring that, through the department committee, the required actions are taken when deviations from the Code of Conduct are evident.

We have the following reporting channels so that any employee, contractor or third party may report anonymously or confidentially any deviations from the Ethics Policy, Conflicts of Interest, Fraud Audit, Anti-Corruption Guide, and others.



430

attended anti corruption training in 2016

813

instances of due diligence assessed from the perspective of the risk of corruption or money laundering and/or terrorist financing associated with purchases and contracts, donations, staffing, and delivery of valuables to third parties.

1

exhaustive review of the anti corruption program in 2016 on behalf of our shareholders confirmed that we have made significant progress on this front and indicated the need to work on two risk recommendations, for which we have already taken improvement actions.

- We received 71 reports through channels arranged for this purpose in 2016, of which 67 were closed that same year and four are currently being analysed.
- In 2016, there were no corruption incidents.

CERREJÓN: AN OPEN DOOR OPERATION

Annually, more than 15,000 people from communities, authorities, NGOs, news media, tourists, students, and others, visit our operations to learn



Ethics Line serviced by:
Navex Global
(free telephones)
From Colombia:
first dial 01-800-911-011.
When prompted, enter
the following number:
844-287-1872

Web page:

www.eticacerrejoncmc.ethicspoint.com

Internal Audit Department:
telephone +57-1-595-2777
extension 2777 or e-mail
address:

controlinterno@cerrejon.com

Information also available at
www.cerrejon.com

■ We are pioneers in implementing an anti-corruption program in 2013. In July and August of 2016, ten Cerrejón areas (comprising 100% of those identified as vulnerable to corruption) were analysed for risk.



▼ Viewpoints on the Cerrejón Visitor Centre tour

about our processes and our social and environmental practices. All of them are welcomed at our Wopushüwa Visitors Centre by guides who are experts in coextraction. These guides lead guests on a tour that includes the operations areas and the sectors undergoing land reclamation, a pioneer program in the country in the conservation of tropical dry forest.

The Visitors Centre, in addition to being a reflection of our commitment to transparency in our processes, is part of a determined commitment to promote the growth of tourism in the region.

Learn more about this initiative in the following article published in **Semana Sostenible** (pág. 23). 📄

For more information, watch the video:
Cerrejón Visitors Centre



WHO SAID THAT MINING IS INCOMPATIBLE WITH TOURISM?

Cerrejón is developing a strategy to integrate the knowledge of its production processes with the promotion of the natural paradise of La Guajira.

Did you ever imagine that a coal mine would be a tourist attraction in Colombia or in any other part of the world? It seems untrue, but it exists in La Guajira. This department offers a wide variety of possibilities, ranging from exploring the cultural, ethnic, landscape, and mineral wealth of the region, to extreme sports in the crystal clear waters of its wonderful beaches, a trend that is growing and opening the doors for specialized international positioning. It

is drawing attention to coal (the second most important export product in Colombia) and also promoting tourism. Cerrejón, one of the key companies in the country dedicated to coal extraction, with more than 30 years in La Guajira, is opening its doors to more than 14,000 visitors a year. These students, tourists, and communities visit the Wopushüwa Visitors Centre, located in the municipality of Albania. At Cerrejón, one of the world's largest open-pit coal mines in the world, visitors become familiar with and learn about this mining process that generates energy for the world, progress for Colombia and the department, as well as employment and tourist opportunities for the area. "In addition to learning about a large open-pit mine that follows the highest social and environmental standards

available, any tourist arriving in the region can interact with the traditions, origin, and magic of a millennial culture, represented by the Wayuu population living in La Guajira," commented Lina Echeverri, vice president of Public Affairs and Communications at Cerrejón. Upon arrival at the mine, the tour is greeted by operators with a long history in the sector. With them, visitors can experience being a miner and approach a truck or a giant tyre. The Wopushüwa Visitors Centre is consolidated as one of the company's investments to leverage the region's tourist sector, belonging to a cluster including the Hotel Waya Guajira and the DesQbre Guajira Museum.

The Waya Guajira, the first four star hotel with LEED certification in the department, is operated by OXOHOTEL. It was launched in 2013, product of a partnership between Cerrejón and the consortium formed by Abacus, Contempo, Inversor, and EGSA. The museum is in the final stages of construction and will open new opportunities for learning about Guajiran history, culture, and biodiversity, together with geological and fossil finds of great importance, attracting the attention of national and foreign visitors. La Guajira also has spectacular protected areas such as the Kaurrele National Nature Park, neighbouring the coal port of Cerrejón; La Macuira, an oasis in the upper part of the peninsula, which surrounds with greenery the Nazareth area, characterized by its semi arid vegetation; and the Fauna and Flora Sanctuary of Los Flamencos, which fills the sky of La Guajira with pink brushstrokes, with the singular flight of these birds.



**OUR
COMMITMENT
TO THE
ENVIRONMENT**

03



AT CERREJÓN, WE ARE CONVINCED THAT RESPECT FOR THE ENVIRONMENT IS ONE OF THE FUNDAMENTAL ELEMENTS OF ANY SUCCESSFUL BUSINESS STRATEGY AND EVEN MORE SO IN THE MINING INDUSTRY.

THE FOCUS OF OUR POLICY and environmental management model aims at minimizing environmental impacts through the identification and timely evaluation of these impacts, and the establishment of preventive, mitigation, and compensation measures, as well as the implementation of monitoring and oversight systems to verify the effectiveness of audit systems and compliance with Colombian regulations.

We are aware of the importance of the stewardship and efficient use of natural resources and the protection and conservation of biodiversity in the area where we operate for the benefit of our neighbouring communities and the region in general.

Therefore, we have an integrated water management system, a vital resource for La Guajira; we work to conserve the native fauna and flora, especially those declared to be at risk or in danger of extinction; and we make every effort to maintain air quality within the levels established by national regulations.

The proper management of these resources, supported by continuous monitoring of our performance, is part of our contribution to the sustainability and protection of the environment in the department.



Integrated Water Management System

BEING A MINING COMPANY THAT OPERATES IN A SEMI-ARID AREA, WE ARE CLEARLY REQUIRED AND COMMITTED TO USE WATER RESPONSIBLY AND CONTRIBUTE TO THE SEARCH FOR SUPPLY SOLUTIONS FOR THE MOST VULNERABLE COMMUNITIES.

Access to water in La Guajira is by nature very complex. Extreme drought and high levels of evaporation (in many cases doubling rainfall amounts), especially in the middle and upper part of the department, are realities that hinder access to water.

Climate variability in recent years, with a tendency to exacerbate droughts, has accentuated the scarcity of water in La Guajira. Amongst other issues, this fact has been reflected in a lower availability of this resource both above ground and below ground. This is precisely the situation in the Ranchería River basin, a key body of water in La Guajira and an essential source for its residents and for activities such as agriculture, livestock, and mining.

This situation is compounded by the geographical dispersion of indigenous communities, who represent more than 40% of La Guajira's population and live on isolated ranches in rural areas of the department,

mainly in the middle and upper sectors, where there are the greatest difficulties to access water.

Each drop of water counts for Cerrejón. That is why we developed an integrated water management system focused on three fundamental pillars: efficient use of water within our operations through water-savings programs in which we take care of every detail of our production process; a basin-wide approach involving programs for the conservation and protection of water resources; and participation in solutions for access to water in neighbouring communities through the implementation of mediated initiatives amongst the parties.

In addition, for our actions to have a greater impact, we have partnered with private companies, the national and local governments, civil society, and especially with communities to identify solutions for the region's development and well-being, which in turn aim to contribute to the achievement of the United Nations Sustainable Development Goals.

“The uncertainty represented by climate change only guarantees that this subject matter shall constitute an increasingly greater challenge”.

JORGE RICAURTE

ON JUNE 16 OF 2017, the Chamber of Representatives ratified the Paris Agreement on climate change in Colombia. With this milestone, the issue has become more relevant in the nation and, of course, in La Guajira. According to the National Survey on Water conducted by the IDEAM in 2014, this peninsula is one of the most vulnerable areas to climate change, especially since it is a tropical dry ecosystem. This department has one of the highest water deficits nationwide and, due to its aridity index, is classed as “highly deficient”. If, coupled to this, we add the major floods in 2010 due to an extreme La Niña phenomenon and the severe drought in 2015 resulting from a prolonged El Niño phenomenon, we can see that we are not impervious to climate change and that, given its impacts in La Guajira, we require a comprehensive water management plan. The Paris Agreement has generated guidelines and policies geared towards this issue. The guidelines on water and adaptation to climate change drafted by the United Nations and the Economic Commission for Europe propose that the process of drafting and implementing adaptation measures must be based on practical lessons learned. This is what we decided to do at Cerrejón — evaluate our processes and rigorously analyse our surroundings to implement a comprehensive water management plan based on three strategic pillars: efficient use, a basin-based approach, and participation in solutions. In other words, efficient use, taking care of the resource, and implementing actions oriented towards overcoming water-access problems. Our water management model is becoming increasingly better known. We continuously receive visits from environmental authorities, NGOs, auditors, government









agencies, clients, investors, journalists, and members of neighbouring communities to learn about, witness, and evaluate our responsible management of this important resource in our region. However, water management in La Guajira is a responsibility that all of us who inhabit the peninsula must shoulder. It behooves all of us who use and consume water from the Ranchería River to engage in fruitful dialogues to promote a culture of water stewardship and preservation. At Cerrejón, we are committed to transparency in our use and management of this vital resource and the continuous improvement of its use. The uncertainty represented by climate change only guarantees that this subject matter shall constitute an increasingly greater challenge so, beyond any useless finger-pointing, we must jointly devise solutions to real-life threats.

IN OTHER WORDS, EFFICIENT USE, TAKING CARE OF THE RESOURCE, AND IMPLEMENTING ACTIONS ORIENTED TOWARDS OVERCOMING WATER-ACCESS PROBLEMS.

Knowing the Ranchería River

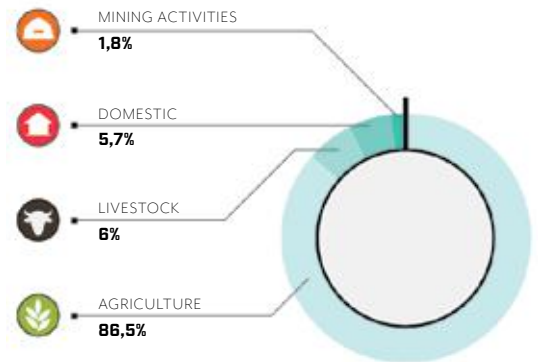
AN IMPORTANT INDICATOR OF THIS BASIN'S CONSERVATION STATUS IS ITS ECOSYSTEM SERVICES, WHICH PROVIDE A STOPOVER FOR MIGRATORY BIRDS AND OTHER SPECIES.

INFORMATION ON THE AREA

-  **Headwaters:**
CHIRIGUA PLAIN
ELEVATION: 3,875 MSNM
-  **RANCHERÍA RIVER**
SURFACE EXTENSION: 4,070 KM²
-  CATCHMENT AREA
-  INDIGENOUS COMMUNITIES
-  FARMING COMMUNITIES AND
GUAJIRAN SETTLERS
-  AFRICAN-COLOMBIAN COMMUNITIES
NATIVE TO THE REGION



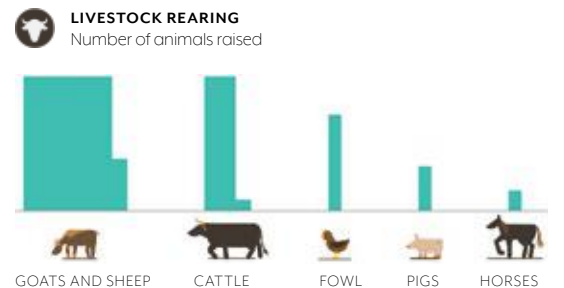
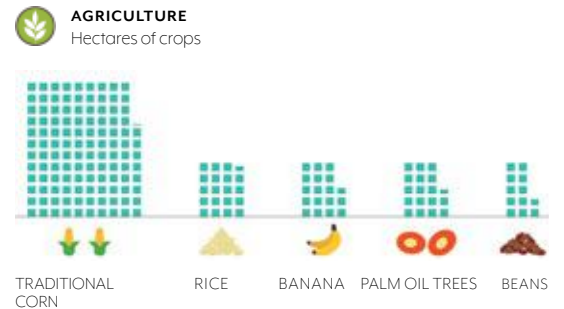
Production activities that make use of licensed water:



Source: Resolution 1725 of 2012 by Corpoguajira



Use of water according to production activity



Source: National agricultural and livestock census 2014



420,000 PERSONS APROX.

Source: Land Use Plan for the Ranchería River Basin 2011 by Corpoguajira and the National Nature Parks.



■ The Cerrejón train is used to supply 92 communities (nearly 8,100 people) with up to 89,000 litres of water a week.

THE EFFICIENT USE OF WATER IN OUR OPERATIONS

Water Capture

Water capture at Cerrejón is carried out in compliance with the permits and concessions granted by the autonomous regional corporation, Corpoguajira.

In 2016, we captured 13,528,558 m³ of water, 93% of which corresponded to sources deemed to be low quality (12,580,840 m³) and only 7% of which was high quality (947,718 m³).

The so-called poor-quality water is used principally for dust suppression on the mine's haul roads, as per the provisions in our Comprehensive Environmental Management Plan. This water, which is not apt for human or animal consumption or for irrigating crops, comes mainly from:

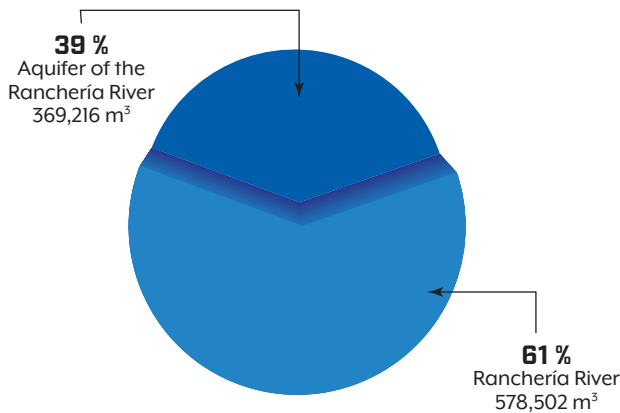
- **Run-off:** 10,851,347 m³ (86%). Obtained from rainfall coming into contact with waste rock and coal and draining towards the interior of the mine pits.
- **Coal-seam dewatering:** 910,724 m³ (7%). Water contained within the coal beds, with high salt contents in chlorides and sulfates typical of the nature of the coal itself.
- **The Sea:** 818,769 m³ (7%). Ninety-six percent (96%) of the water used in Puerto Bolívar for the

03 OUR COMMITMENT TO THE ENVIRONMENT

operation and human consumption by our workers and the community comes from the sea and is previously treated at our desalination plant.

The volume of poor-quality water is calculated based on records from flow metres at the coal handling plant and the number of trips reported daily to the truck dispatch centre by the operators of the tankers employed for dust suppression on the operation's roads. The high-quality water is employed mainly for human consumption by our employees and contractors and for

GRAPH 5
SOURCES OF WATER CAPTURE



distribution to neighbouring communities. This water comes from the Ranchería River and its aquifer as follows: This catchment is quantified by means of flow metres located on the water intakes of the water bodies and the wells located in the aquifers. We achieved a 25% reduction in the total water captured in 2016 compared to 2015. Specifically with respect to the high-quality water, our capture dropped by 31%, principally due to the measures adopted for leak and pressure controls in the water distribution system. In turn, the reduction in poor-quality water capture was mainly due to the rainy season, which reduced operational needs for water for dust suppression.

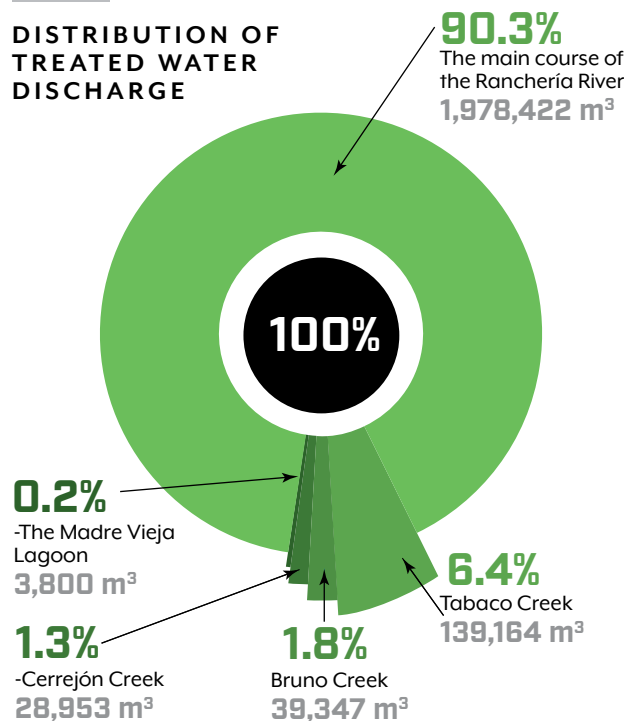
DISCHARGES

Although our water capture dropped compared to 2015, the volume of discharges in 2016 increased

due to heavy rainfall registered throughout the year, rising from 35,264 m³ to 2,189,685 m³.

We have three types of authorized discharges: industrial (87%), mining (13%), and domestic (0.2%). These waters are principally discharged into the Ranchería River (90%) and four other bodies of water that are also a part of its basin. The water is treated prior to discharge as per the permits granted by the environmental authorities and in compliance with existing environmental standards. The receiving bodies of water, from lesser to greater discharge volumes, are:

GRAPH 6
DISTRIBUTION OF TREATED WATER DISCHARGE



Water-quality measurements are based on the Water Quality Index (WQI) established by the U.S. National Sanitation Foundation (NSF). During this period, the average NSF WQI for the Ranchería River was 68 at the station upstream of the mining operations, prior to it entering the area of influence of Cerrejón, and 66 at the station downstream, rated as average quality at both stations. It is worthwhile clarifying that this index is impacted by the neighbouring populations and farms as well as by the mining operations.

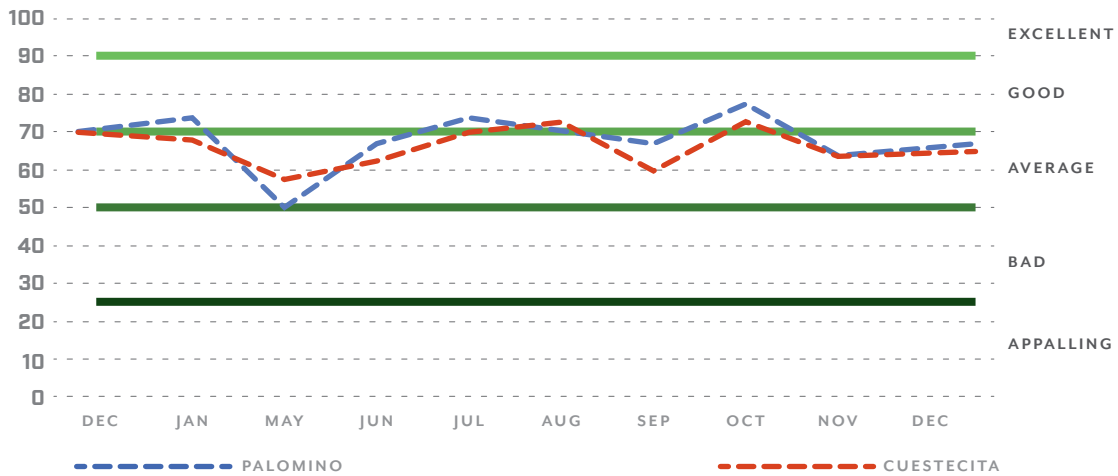
PROTECTING THE BASIN

Through our comprehensive water management system, we seek to quantify the social, cultural, ancestral, economic,

THE NSF WQI EVALUATES NINE SANITATION PARAMETERS: DISSOLVED OXYGEN, PH, TEMPERATURE, FAECAL COLIFORMS, BIOCHEMICAL OXYGEN DEMAND (BOD), NITRATES, TURBIDITY, TOTAL SOLIDS, AND PHOSPHATES.

GRAPH 7

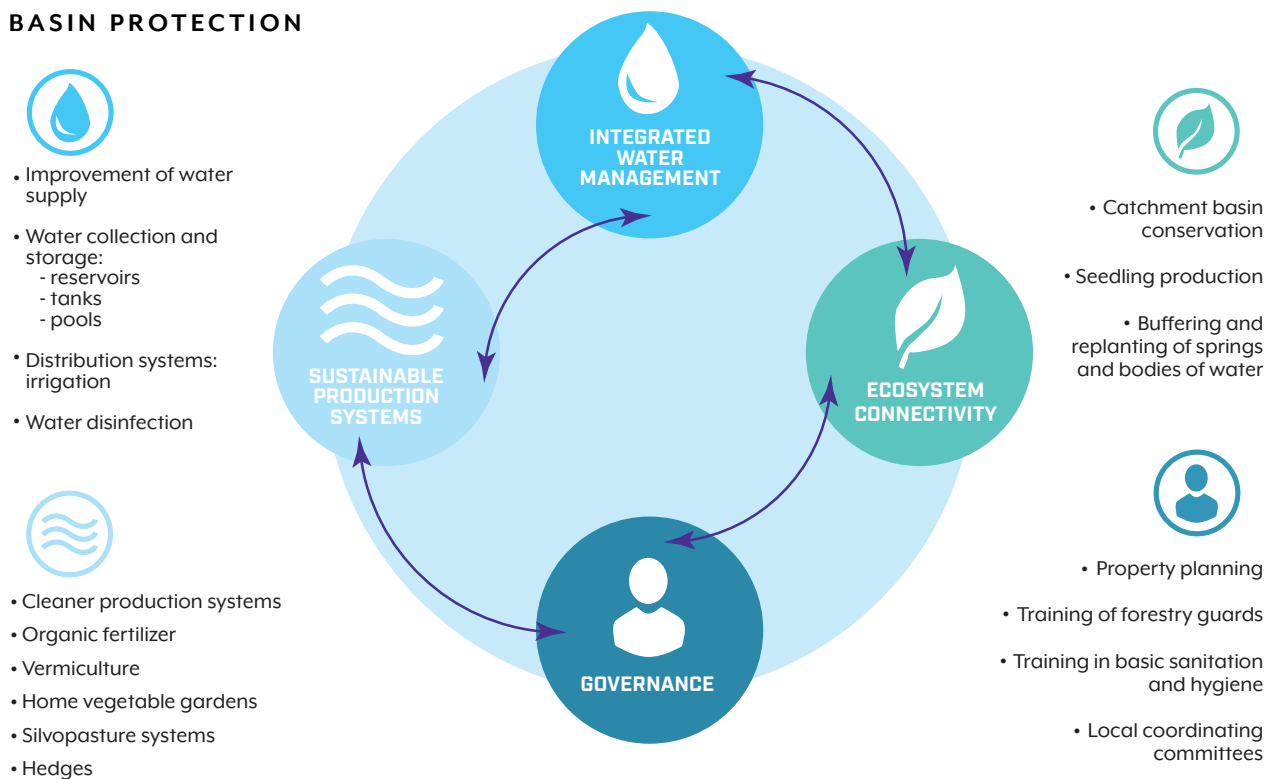
RANCHERÍA RIVER WATER QUALITY TREND NSF WQI 2016



No samples were taken in February, March, or April as the river was dry.
 Note: Palomino station — upstream. Cuestecita station — downstream.

GRAPH 8

BASIN PROTECTION





3,000

persons belonging to 419 families from 17 communities at Albania, Barrancas, and Hatonuevo benefitted.

2,442

protected hectares of riparian buffer zones and forest areas under preliminary conservation agreements with families living in the basin.

4

community greenhouses (150 m²) built — growing 3,000 plants of native species.

Generation of storage capacity for

163,800

litres for every family in five communities, thereby benefitting 877 persons from 128 families.

3

projects aimed at reinforcing community capabilities in the micro-basins of the Bruno and Pupurema creeks to benefit 1,198 persons from seven communities.

Design and installation of

15

home gardens of 400 m² each with agroforestry designs and drip-irrigation systems for the production of over 40 food species in four communities.

158

families trained in the efficient use of water in six communities, benefitting 992 persons.



■ In 2016, we implemented eight solutions to improve water access (including two traditional water ponds) for more than 1,000 people.

and environmental value of water in the region. Our management on this front began with the definition of water production and water stress zones, mediated with basin users. With this input, we designed basin conservation programs based on four sub-components: integrated water management, sustainable production systems, ecosystem connectivity, and water governance. (see graph 08, page 31).

We are working on conservation projects at the basins of the Pupurema, El Pasito, Bruno, Majagüita, and Paladines creeks, generating social and economic benefits for communities and promoting their sustainability.



DRAINAGE BASIN

Area of surface water that pours into a natural network with one or several natural streams that meet in a larger watercourse and may flow out into a main river, a natural water deposit, a swamp, or directly into the sea. Decree 1729 of 2002.

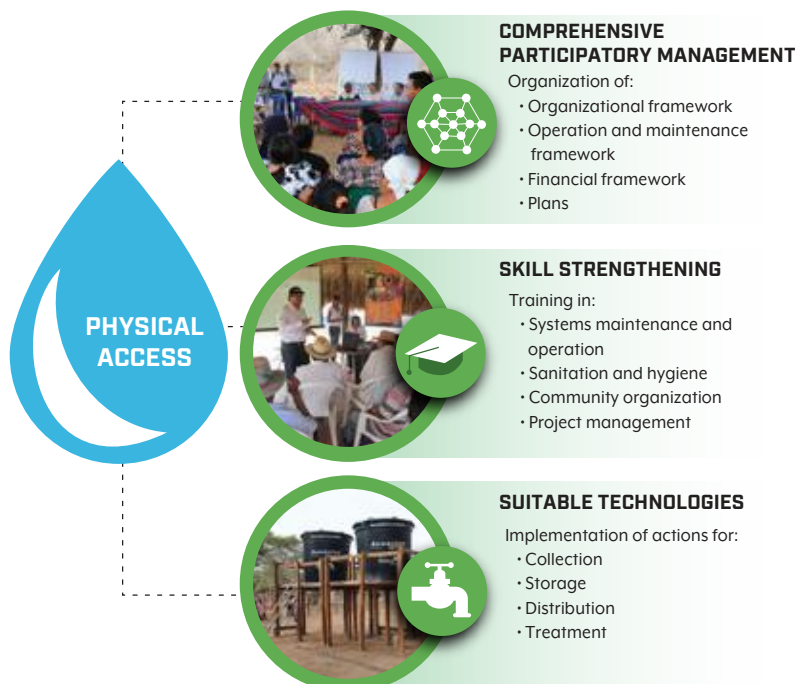
SOLUTIONS FOR NEIGHBOURING COMMUNITIES TO ACCESS WATER

We promote the implementation of the proper technologies, the reinforcement of capabilities, and participatory comprehensive management.

Since 2014, when the drought emergency was decreed in La Guajira, we have distributed over 70 million litres of water to more than 20,000 persons in communities neighbouring our operations. We have repaired 79 windmill-driven water pumps (representing 3.2 million litres of water a day), and we have distributed over 1,640 tanks for the proper storage of water. One of the initiatives we proposed for helping the state with the crisis consisted in using the company's

available resources and putting them at the service of the region. Thus, we put into operation the Water Train, an initiative that uses a tanker wagon from a mining train refurbished to transport 89,000 litres of drinking water. Once the tanker wagon arrives at the distribution points, it discharges the water into smaller tanker trucks that then take this resource to strategic points identified jointly with the community in order to reduce travel and distribution times. Furthermore, recognizing the importance and impact of joint efforts, we have established partnerships with agencies such as USAID, the Colombian Geological Service, the Embassy of The Netherlands, and the Sovereign Order of Malta (amongst other entities) to devise medium- and long-term water-supply solutions in La Guajira.

GRAPH 9



OTHER RESULTS

- More than **5,400 persons** from **48 communities** have benefited from water-supply solutions and comprehensive basin management.
- We implemented **8 solutions** including traditional water reservoirs (jagüeyes), deep wells, and technological retrofitting to ensure physical access to water, making **65,500 liters** of water available a day.
- We designed a desalination prototype based on Wayuu traditions and customs for the treatment of **100 litres of water** per day.
- We carried out **3 projects** aimed at water conservation.
- We reinforced **21 water committees** on the administration of water resources.

OUR CHALLENGES

- Reinforcing our efficient use of water in the operation, continuing with efforts to keep reducing high-quality water capture.
- Promoting and taking concrete conservation measures for water resources.
- Participating in water-access solutions and, at the same time, understanding community priorities.



Vermilion cardinal [*Cardinalis phoeniceus*]



Southern tamandua [*Tamandua tetradactyla*].

Commitment to Guajiran Biodiversity

BECAUSE OF ITS ECOSYSTEM VALUE, AT CERREJÓN WE SEEK A SUSTAINABLE INTERACTION BETWEEN WILDLIFE SPECIES AND OUR OPERATIONS, EVALUATING OUR IMPACTS, INCLUDING CONNECTIVITY TO ECOSYSTEMS AND WILDLIFE RELOCATION PROGRAMS, AND ADMINISTERING PROTECTION, OFFSET, AND CONSERVATION METHODS FOR THREATENED SPECIES

COLOMBIA is the second most biodiverse country after Brazil; it ranks first in bird and orchid diversity, and second for plants, amphibians, butterflies, and freshwater fish according to Colombia's Information System on Biodiversity. Fauna and flora are important not only ecologically but also economically and socially, as they are the basis for sustaining agriculture, feeding the population, and keeping the climate in balance.

Plant and animal diversity in the Ranchería River's middle basin, which has hosted our area of influence for more than three decades, is largely a product of a series of age-old interactions that have occurred as a result of climate change, geological processes, and migrations from the Amazon and North America. Currently, biodiversity corridors have been identified between the Serranía del Perijá and the Sierra Nevada de Santa Marta through the river courses in the Ranchería valley, which constitute essential habitats for supporting wildlife that also connect patches of tropical dry forest, one of the most fragile ecosystems in the country.

For the zone in which our operations are located and the area surrounding them, different groups of collared peccaries, deer, howler monkeys, birds, and reptiles can be found, and in the last two years we have confirmed the permanent presence of jaguars. These animals are at the top of the food chain for the entire South American continent, and while they are currently extinct in most of the Americas, Cerrejón's zone is acting as a connection point between the animal and plant populations of the eastern plains and Amazon regions to populations in the rest of the Colombian Caribbean and those in Central America.

The large supply of resources in the vicinity of the mining project is mainly a result of our protection, conservation, and offset programs, which focus on conservation activities that we perform in and around the operation, for two main categories: (1) protection and education against poaching and other activities that threaten species and (2) land reclamation that results in extensive meadows. Deer come to these areas, and they in turn attract jaguars.

PROTECTED AREAS

The Ranchería River valley is historically influenced by different land uses that have caused high levels of fragmentation in species and landscape. As a result, the presence of some species

such as deer and felines has become unviable in most of the territory. The connectivity to the patches of forest in Cerrejón's valley is of vital importance to conservation protocols at both the national and international levels.

To promote the conservation of these valuable ecosystems, we have participated in creating a strategy for protected areas in the region in partnership with Conservation International, Herencia Ambiental Caribe (Caribbean Environmental Heritage), and Corpogujaira, and we have actively participated in studies and in defining regionally protected areas. This strategy includes four newly protected areas and two that are in the process of being declared protected.

GRAPH 10 CONSERVATION OF VULNERABLE SPECIES



FAUNA

- 9 American crocodiles in captivity for breeding.
- 7 years of the sea turtle protection agreement
- 49 patrollers, 84 families who benefit.
- EIn the Ranchería River on Cerrejón property, a 2.6 metre American crocodile was rescued, weighing 79 kilograms. 9 American crocodiles in captivity for breeding. .



FLORA

- Panama redwood (*P. pinnatum*)
- Yellow poui (*T. billbergii*)
- Monkey pot (*L. minor*)

See more on page 36



For more information watch the video on **Biodiversity**

NEWLY PROTECTED AREAS

The Comprehensive Management District for the lower Ranchería River basin is 32,443 hectares in the municipalities of Riohacha, Manaure, Maicao, and Albania.

The Bahía Portete National Nature Park is 14,079 hectares in the municipality of Uribia.

The Montes de Oca Protected Forest Reserve is 12,000 hectares in the municipalities of Maicao, Albania, and Hatonuevo

The Ranchería River Delta Comprehensive Management District is 3,601 hectares in the municipalities of Manaure and Riohacha.

AREAS IN THE PROCESS OF BEING DECLARED PROTECTED

The Mushaisa area is 313 hectares in the municipality of Albania.

The Aguasblancas - Santa Helena area is 1,651 hectares in the municipalities of Albania and Hatonuevo.

SPECIES CONSERVATION

The resources we have assigned to studying and monitoring La Guajira's ecosystems have allowed us to analyse the species in context. Consequently, we have found that within Cerrejón's areas there is a high concentration of viable populations of species (a required minimum number of animals so that the species survives) that are threatened, endangered, native, and migratory that are largely absent from the rest of La Guajira.

Based on categories established by the International Union for Nature Conservation (IUNC), we found four species that are currently threatened in areas around Cerrejón:

- Dryland mouse opossum (Marmosa xerophila) (VU)
- Jaguar (Panthera onca) (VU)
- Margay (Leopardus wiedii) (NT)
- Miller's long-tongued bat (Glossophaga longirostris) (DD)



WILDLIFE REFUGE CENTRE RESULTS FROM 2016

4,182
animals rescued.

412
animals rehabilitated

315
animals cared for

■ Bahía Portete Natural National Park.

Additionally, we found two species of deer (*Odocoileus cariacou* and *Mazama sanctaemartae*) that have not been evaluated, neither nationally nor internationally.

In our Wildlife Refuge Centre, we have cared for more than 11,000 animals since 2007, with the highest levels in 2012 and 2014, associated with new areas of mining. This centre plays a key role in raising the community's awareness and discouraging illegal trafficking in wildlife. Here we rescue, monitor, and rehabilitate animals, mainly reptiles, birds, and mammals.

Approximately 1,200 to 1,800 animals with some form of stress, capture, or mistreatment are taken in by Wildlife Refuge Centre annually, of which between 800 and 1,000 recover in the infirmary, and can be relocated to areas such as the Montes de Oca, the Serranía del Perijá, or reclaimed mining areas.

Thanks to the River Turtle Recovery Program, close to 300 Colombian slider turtles are being released a year, and nine American crocodiles (a threatened species) are being kept for captive breeding.

CONSERVATION OF SEA TURTLES

Since 2007, we have voluntarily developed a conservation project for sea turtles in the Alta Guajira region, together with the community of Bahía Hondita, which has allowed the release of more than 6,400 turtles into the sea. This program relies on the guidance and supervision of Corpoguajira, Conservation International, and the Colombian Navy. To date, 2.3 kilometres of beaches with optimum conditions for sea-turtle nesting are being preserved. At Bahía Hondita, an indigenous community made up of 107 families, conservation efforts for the species have allowed the protection of nests and the release of young turtles. Participating communities recognize the benefits of protecting sea turtles, which includes an increase in tourism and the development of new projects related to turtle conservation, which generate jobs.



We invite you learn more by reading our publication "Biodiversity at Cerrejón", available on our webpage at www.cerrejon.com



THREAT CATEGORIES ACCORDING TO THE IUNC



vulnerable



near threatened



deficient data

LAND RECLAMATION AND FOREST OFFSET

Our Land Reclamation Program, in operation for 27 years, has reclaimed 3,674 hectares, which corresponds to 96% of the areas where we have finished mining operations.

This is a pioneering program in the country that has become a benchmark for the national and international mining community. It is the result of a combination of science, technology, experience, and traditional knowledge that we set in motion at the beginning of our operations, convinced of the importance of soil conservation.

This program has managed to transform land used in mining activities into forest area with a stable and productive environment that helps to establish, support, and spread native flora and fauna species. These reclaimed lands are interconnected to regional ecosystems as providers of goods and services.

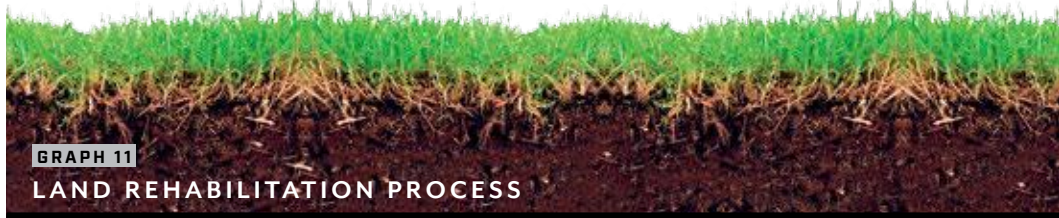


3,674

hectares reclaimed since 1990, with 113.7 hectares reclaimed just in 2016.

1.6

million trees of 40 native tropical dry forest species, which includes the following threatened species: lignum vitae (*Guaiacum officinale*), yellow poui (*T. billbergii*), raintree (*S. saman*), ebony (*D. eburnum*), Panama redwood (*P. pinnatum*), and monkey pot (*L. minor*).



GRAPH 11
LAND REHABILITATION PROCESS



1
PRE-MINING
Land survey and wildlife relocation



3
COAL MINING
Waste rock removal and coal extraction



5
LAND STABILIZATION
Protection, genesis, organization, and structural development





2

LAND REMOVAL
Deforestation, removal
and preservation of
edaphic materials



4

LAND DEVELOPMENT
Land reconfiguration and
formation of new soil



6

REVEGETATION
Ecological diversification




7

POST-MINING
Mature forests,
protected areas
for conservation

Thanks to reconstructing these habitats, we have seen the return of wildlife species, which have spontaneously been established and preserved, such as the gray brocket deer, collared anteater, margay, red-footed slider, American kestrel, and other significant bird, insect, amphibian, and reptile populations.

This project has been the subject of research generating awareness that has been shared with different academic entities, including the University of La Guajira, the University of Magdalena, the University of the Atlantic, Córdoba, Popular del Cesar, Nacional and Alcalá of Spain, the Colombian Society for Soil Sciences, the Institute of Alexander Von Humboldt, and other entities such as the National Environmental Permitting Authority, the Autonomous Regional Corporation of La Guajira (Corpoguajira), the Ministry of the Environment and Sustainable Development, and the National Mining Agency.


OUR GOALS

- Prioritize the reproduction of native species that are threatened or protected in plant nurseries to be planted in reclaimed areas.
- For 2033, our goal is to continue expanding the number of hectares reclaimed annually, and by doing so, quickly close the mining cycle. 



LESSONS LEARNT

Based on experience and learning acquired through our Land Reclamation Program, we have developed other complementary research initiatives. One of these is the Program for Research and Application of Rural Production Systems such as sustainable agri-silviculture, in which we allocate technology to local communities for better land use and management. This program seeks to implement methodologies to fight poverty, land degradation, desertification, and climate change in tropical dry forests, which is aligned with our Sustainable Development Objectives. There are currently six communities and a total of 150 people associated with the program, which has resulted in improvements in soil quality indicators for 70 hectares, where 50 tonnes of food have been produced.

 For more information, watch the video: **Reclaiming Land**

Actions to Ensure Air Quality

AS A RESULT OF OUR COMMITMENT TO THE ENVIRONMENT AND TO THE HEALTH OF OUR WORKERS AND NEIGHBOURING COMMUNITIES, WE RELY ON A MANAGEMENT SYSTEM TO CONTROL AND MITIGATE PARTICULATE MATTER EMISSIONS AND MEASURE EMISSION LEVELS (AIR QUALITY) IN AREAS NEIGHBOURING OUR OPERATIONS.



■ Our air-quality monitoring network includes 18 stations.

TO THAT END, we have made human resources, technicians, technology, logistics, and other operations available, and we have made important investments that allow us to address responses and make timely and relevant decisions.

Air quality is directly related to biological cycles and natural processes

that regulate the availability of oxygen, nitrogen, and sulfur, amongst others, which are vital to maintaining ecosystems and human health.

One of the main challenges that we face as an open-pit mining operation is generating particulate matter (dust suspended in the air), a product of removal activities and handling large

quantities of soil, waste rock, and coal. Ensuring air quality is one of our priorities, for which we implement advanced technologies, undertake our own oversight activities, and perform continual monitoring and follow-up activities throughout our integrated operations (mine, railway, and port) in order to achieve this objective.

We strictly monitor dust and gas concentrations in the air in accordance with the guidelines and frequencies established in Colombian standards and in our own Comprehensive Environmental Management Plan in order to keep levels within threshold limit values. Said verification is done through an air-quality monitoring network and biannual campaigns for measuring gases.

The monitoring network is made up of seventeen stations located in the areas of influence of the mine, railway line, and Puerto Bolívar, with one industrial-type station in the port area. They primarily measure two parameters: total suspended particles (TSP) and suspended particles with a diameter of less than 10 microns (10PM), keeping in mind that these are agents that have a potential impact on the well-being of a community (TSP) and on human health (10PM).

In addition to monitoring and oversight files from our Comprehensive Environmental Management Plan, we rely on an atmospheric emission permit, renewed in March of 2015. Both these instruments demand rigorous controls for managing the operation's environmental impacts, including mining and managing the mine, railway transport, and shipping via Puerto Bolívar.

We take care of air quality

ONE OF THE MAIN IMPACTS OF OUR ACTIVITY IS THE GENERATION OF PARTICULATE MATTER (DUST), SO WE UNDERTAKE DIFFERENT CONTROL ACTIONS THROUGHOUT OUR OPERATIONS.

We have an Air Quality Monitoring Network composed of 18 stations throughout the operations (mine, railway, and port) to verify the effectiveness of the implemented controls, and it is one of the largest networks of its kind in the country. In Bogotá, according to the District Environment Department, the Air Quality Monitoring Network in the city is composed of 13 fixed stations and a mobile station.

EMISSION SOURCES

↑	Transport of waste rock, coal, or topsoil in trucks accounts for 60% to 65% of the emissions in this activity.	Loading and unloading of removed materials.	Wind erosion of areas without vegetation cover.	Stacking, crushing, or reclaiming coal.	Topsoil removal for exploitation of mining areas.	Spontaneous coal combustion in exposed areas.	Drilling and blasting of waste rock.	Coal loading into ships.	Coal transportation by train.	Coal transportation by conveyor belts.	↓
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IMPLEMENTED CONTROLS

THE MINE



Dispersion model, prior evaluation of the operation impact on air quality.

Personnel to control self-combustion of coal seams.

Water sprinkler systems and dust collectors in coal hoppers.

Addition of a biodegradable dust suppressant to keep roads wetted and compacted longer.

High-flow sprinklers for coal piles.

Covered conveyor belts.

Continual irrigation of roads with low-water quality, not suitable for human or animal consumption, nor crop irrigation.

Impact sprinklers for loading and unloading areas.

The water used in the control measures is of low quality, not suitable for human or animal consumption, nor crop irrigation. It comes from dewatering of coal seams and from rainwater.

RAILWAY LINE

Program of inspection and regular cleaning of the railway tracks to remove fallen material.

Wetting (water + dust suppressant), compaction, and levelling of wagon loads.

PORT

Addition of water in the coal stacking and reclaiming system.

Fog cannons and spray systems.

Continual watering of roads with seawater.

Covered conveyor belts

Direct loading to ships since 1985, pioneers in Colombia.



OVERSIGHT

The results are reported regularly to the competent environmental authorities (Corpoguajira and the Ministry of the Environment and Sustainable Development) in the Air Quality Information System (SISAIRE) and in the environmental compliance reports (ICA).

We also conduct in-house evaluations of the Integrated Management System by means of audits based on ISO 14001-2004, and we are audited by the IDEAM for the purposes of verifying compliance with our air-quality plans and controls.

Additionally, and as an early alert strategy for our operations, in the mining area we have installed a system to forecast weather and air quality that enables us to predict possible high dust levels, which are verified through real-time monitoring stations located at the borders of the operations. Thus, we provide feedback to the operation

when even more rigorous control actions must be implemented.

RESULTS

Graphics 12 and 13 presents the annual averages of total suspended dust particles (PST) and inhalable particles (PM10) based on information collected throughout the year at our monitoring stations at the mine, port, and railway and following the AP42 guideline of the U.S. Environmental Protection Agency and Resolution 2154 / 2010, which set forth the Protocol for the Oversight and Monitoring of Air Quality Surveillance Systems.

Based on these results, we can confirm that the concentrations of airborne particulate matter are below the limits established by Colombian law in Resolution 610/2010, set forth for the purposes of preserving the good quality of the environment, natural renewable resources, and human health.

PRECAUTIONARY MEASURE IN PUERTO BOLÍVAR

On August 26 of 2016, Corpoguajira decreed a precautionary measure that ordered the suspension of the transportation and loading operations at Puerto Bolívar until a mitigation plan was implemented to increase the control of particle emissions at the port operation, particularly those related to sedimentable particulate matter (coarse).

On August 30, the Corporation decreed the lifting of the suspension after verifying the cleanliness of the sites stated in the measure and validating the plan of additional emission control measures proposed by the company that included, amongst others, the following

Particulate matter is not the only parameter measured in the air-quality monitoring network. Despite recording very low and even undetectable concentrations, we monitor the presence of greenhouse gases such as nitrogen oxides [NOx] and sulfur oxides [SOx] in our mining operations as well as in the neighbouring communities every two years, in compliance with the requirements in our Comprehensive Environmental Management Plan. It is worthwhile highlighting that our mining operations do not generate persistent organic pollutants, volatile organic compounds, or hazardous air pollutants.

actions: greater frequency in the cleaning of roads, increased number of water cannons to cover the in-port storage piles, erecting a barrier to increase control over the wind dispersion of particles in coal piles, as well as reinforcing actions to engage with and divulge said measures in our neighbouring communities.

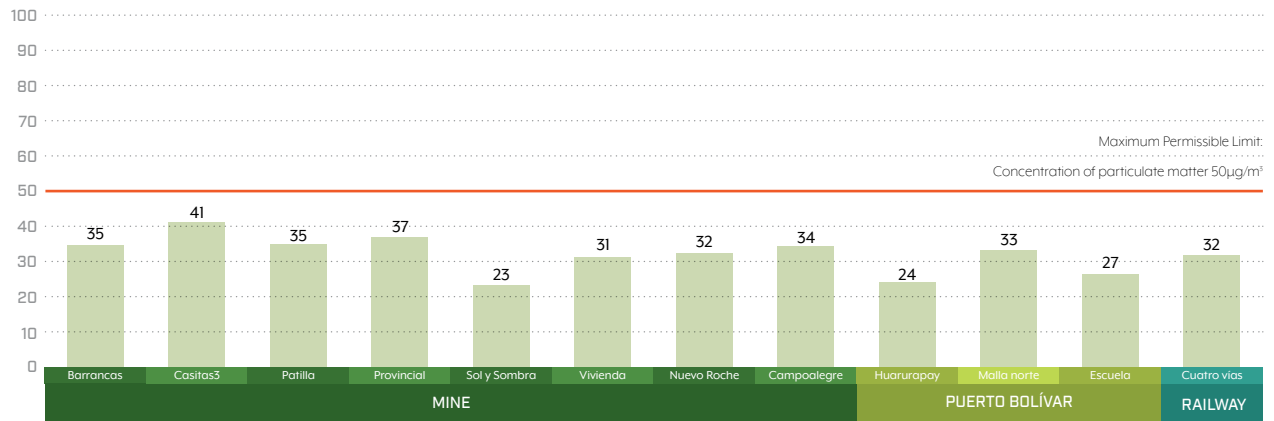
It is important to point out that our operation at the port has levels of particulate matter that are lower than the established legal limits (PST and PM10), with annual values 34% to 52% below said limits in 2016, as recognized by Corpoguajira.



■ Fog canons and sprinkler systems.

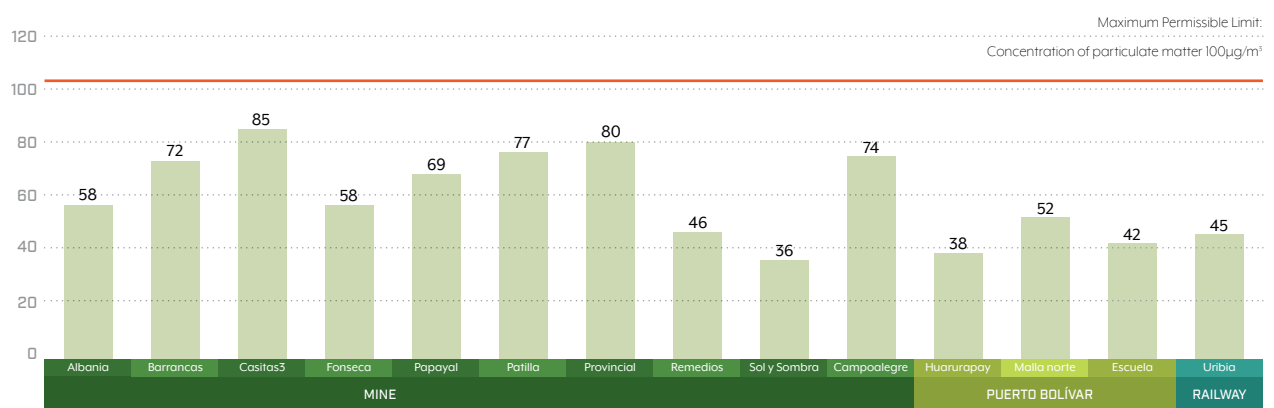
GRAPH 12

RESULTS OF 2016 MONITORING, PM10 INHALABLE PARTICULATE MATTER




GRAPH 13

RESULTS OF 2016 MONITORING, TOTAL SUSPENDED PARTICULATES (TSP) 2016



 The monthly and annual results of our monitoring can be consulted at www.cerrejon.com

OUR CHALLENGES

- Not exceeding the limits set forth in Colombian law (Res. 610/2010) for PST (upper limit 100 µg/m³) as well as PM10 (upper limit 50 µg/m³).
- Continuing to reinforce operational controls over particulate matter by implementing new technologies or enhancing the current processes.
- Continuing to implement real-time forecast and oversight strategies in the Puerto Bolívar area. 

Our Contribution to the Nation's Commitment vis-à-vis Climate Change



AT CERREJÓN, WE ARE COMMITTED TO THE NATIONWIDE CLIMATE CHANGE MITIGATION AND ADAPTATION ACTIONS SET FORTH BY THE GOVERNMENT TO BE MET BY 2030 AS PER THE PARIS AGREEMENT. BELOW WE DESCRIBE HOW OUR MINING OPERATIONS CONTROL AND REDUCE THEIR EMISSIONS OF GREENHOUSE GASES.

THE PARIS AGREEMENT on Climate Change is a historic milestone for the world. Through its enactment on November 4 of 2016, the 195 signatory nations (including Colombia) shouldered a commitment to strive to reduce greenhouse gas emissions (hereinafter called GGE).

Colombia accounts for 0.46% of global emissions according to WWF-Colombia indicators (2016). However, based on the Global Climate Risk Index 2017, it is one of the top 50 countries most affected by climate change due to its vulnerability to prolonged droughts and the extreme rainy season. By signing the agreement, as a nation we are committed to reducing 20% of our emissions vis-à-vis a baseline calculated in 2010. This is an opportunity as a nation to modernize our industry and steer it towards sustainability and to implement forest protection and conservation measures while at the same time guaranteeing economic growth.

La Guajira is a semi-arid region vulnerable to climate change due to the scarcity of water, the ecological frailty of its ecosystems, and the high levels of poverty amongst its inhabitants. Therefore, in addition to the commitment of reducing our operations' carbon footprint, at Cerrejón we seek to contribute so that the communities neighbouring our operations can adapt to climate change. To learn more about this information, we recommend that you consult the chapters on Comprehensive Water Management (page xx) and The Value of Mining for La Guajira (page xx).

In 2013, we created a portfolio of initiatives with goals set each year to reduce GGE emissions. These initiatives have brought about major results


that have led us to the adoption of technologies for optimization and changes in the operations that also generate energy savings (electric power and fuel) as well as economic savings.

INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS

- Reducing the consumption of fuel due to the optimization of the waiting times for trucks with a loading capacity of 320 tonnes.
- Installing diesel dosing injectors (to optimize fuel flow) in the CAT fleets.
- Optimizing the consumption of electrical power and the use of air conditioning units in our offices.
- Optimizing the process at the coal plants to decrease the consumption of electrical power.

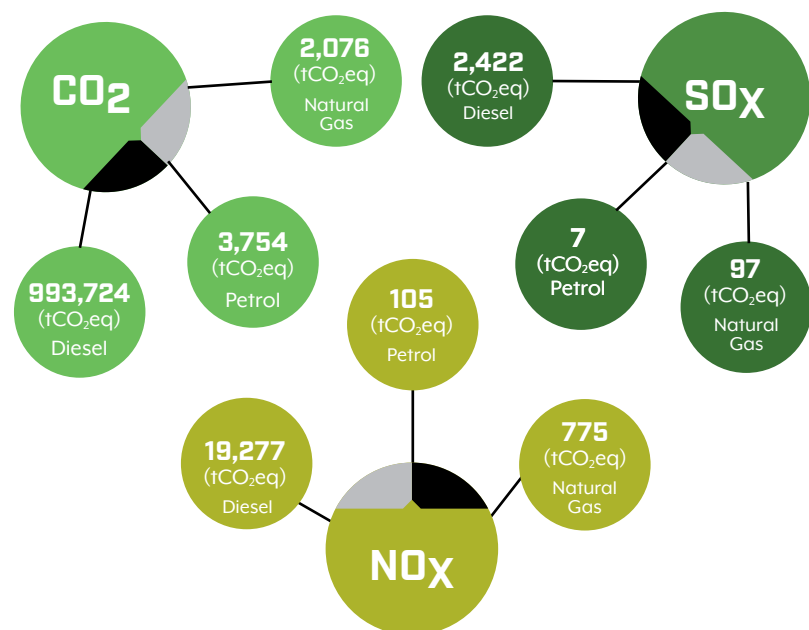
- Using solar-powered lighting instead of diesel-powered lights at the mine and railway.

OUR CHALLENGES

- Fostering new projects that contribute to reducing greenhouse gas emissions.
- Continuing to implement climate change adaptation measures within our operations.
- Backing communities in developing sustainable production projects. 

GRAPH 14

RESULTS. EQUIVALENT CO₂ EMISSIONS GENERATED IN OUR OPERATION



Figures based on Cerrejón's calculations



MANAGEMENT
OF IMPACTS
IN OUR OPERATION

04



IT IS FUNDAMENTAL FOR OUR COMPANY TO ACKNOWLEDGE OUR OPERATIONS' IMPACTS AND THE POTENTIAL IMPACTS ON THE HUMAN RIGHTS OF OUR STAKEHOLDERS IN ORDER TO SET UP TIMELY AND PERTINENT MEASURES TO PREVENT THEM, MITIGATE THEM AND, WHENEVER NECESSARY, COMPENSATE FOR THEM.

Commitment to Human Rights

STUDY OF RISKS AND IMPACTS ON HUMAN RIGHTS

Following social standards that define due diligence processes in human rights, the TRUST consultancy firm conducted the second independent study of risks and impacts on human rights for us in 2016. This survey encompassed 100% of our integrated operations (the mine, the railroad line, and Puerto Bolivar) through interviews, visits, and focus groups with communities in the area of influence, local authorities, social organizations, and contractor companies.

Based on the results of this study, we have identified a series of impacts, both real and perceived by our stakeholders, which shall be shared with them in 2017.

Amongst the positive impacts identified by the study were the

payment of royalties, the institutional strengthening programs, infrastructure development, the improvement of the educational levels of our stakeholders, the access of neighbouring communities to drinking water, and job creation.

Amongst the deleterious impacts included in the Comprehensive Environmental Management Plan, the real or verified ones were alterations of the landscape, affecting the peace and quiet of communities in the area of influence, affecting the right to road safety of communities neighbouring the railway line, collisions with animals on the railroad tracks, and the generation of expectations in hiring processes amongst the Wayuu population. Although these impacts were taken into consideration in the Environmental Management Plan, the risk and impact



Based on the report of risks and impacts on human rights drafted by Trust for Cerrejón, a real impact refers to an adverse effect Cerrejón has caused or continues to cause, while a perceived impact is an adverse effect for which there is no scientific certainty of its occurrence or a direct link to the company.

studies recommended within the due diligence processes aim to regularly review the impacts identified and the effectiveness of the management measures. To that end, we shall work on an action plan to reinforce the appropriate management measures for the prevention, mitigation, and definition of possible compensation measures thereof, whenever necessary.

Amongst the perceived impacts are impacts on housing units near the mining operation, affecting the health of communities in the area of influence of Cerrejón, and restricting the use of water resources.

MANAGEMENT OF IMPACTS ON HUMAN RIGHTS

Our due diligence process enables us to prevent and mitigate possible impacts and compensate for them when they occur despite our efforts. This constitutes a common thread in all the operations carried out in the different organizational areas.

Due Diligence in Human Rights

- Identifying social and human rights impacts
- Defining impact management measures
- Defining action plans to close gaps
- Sharing the impacts with our stakeholders
- Addressing complaints
- Verifying and ensuring compliance with stages



Since 2010, in compliance with the remedy pillar of the United Nations Guiding Principles, we have had a Complaints Office to address possible operational impacts. Image taken during the closure of a complaint.

TABLE 3

MEASURES IMPLEMENTED IN 2016	
With our employees	<ul style="list-style-type: none"> • Training in Human Rights. Targeted at new employees during their orientation to the company. Contents: Human rights policy and basic resolutions, including fundamental rights, constitutional actions, social standards, remediation mechanisms, and others. • Informative pieces on human rights. Distribution of content on general aspects of human rights to better position the issue internally. • Human rights promotion. Internal activities through Radio Carrejón aiming to promote awareness and understanding concerning the role of companies with regard to human rights.
With our contractors and suppliers	<ul style="list-style-type: none"> • General contractual terms. We include Appendix D in 100% of our contracts with contractors and suppliers covering an amount greater than USD 40,000. The appendix requires them to make a commitment to meet our requirements for safety, health, environment, and communities, and the Human Rights and Social Labour Responsibility policies of Carrejón. • Evaluation and auditing of Standard SA8000 (labour management, occupational health and safety). We evaluate 100% of the contractors and suppliers who engage in a financial operation with the company through meeting the requirements of an online questionnaire. In addition, we carry out random audits of 20 companies representing 4.3% of the organizations with contracts for an amount greater than USD 40,000 with Carrejón. We consider issues such as child and forced labour, freedom of association and collective bargaining, discrimination, disciplinary methods, working hours, and pay.
With our security personnel	<ul style="list-style-type: none"> • Contractual conditions for private security service suppliers. We include Appendix E in 100% of our contracts for securing private security services. These suppliers make a commitment to comply with the voluntary principles of safety and human rights; Carrejón's Human Rights policy; respect for the human rights of vulnerable groups and individuals; respect for the traditions, customs, and cultures of indigenous communities; respect for the rights of freedom of association and collective bargaining; the elimination of child labour, and others. • Training in Human Rights. We train 52% of the members of our private security and 100% of the public security forces, taking into account the high turnover of personnel in this field, on issues of human rights, voluntary principles, and the traditions and customs of the Wayuu ethnic group. We adapt the methodology so that 100% of the people who are trained understand the goal, an important factor considering the level of illiteracy found amongst security personnel. • In the context of celebrating International Human Rights Day, we presented the engagement protocol between the Armed Forces and the indigenous Wayuu people in conjunction with the Ministry of Defence.

In compliance with the remedy pillar of the UN Guiding Principles on Business and Human Rights and in order to perform our due diligence on possible impacts, Carrejón's Complaints Office is responsible for receiving, investigating, arriving at solutions, conducting follow-up, and closing the cases filed by our stakeholders.

RESPECT FOR AND PROMOTION OF HUMAN RIGHTS

For the purposes of extending our commitment to address the social risks

and impacts on stakeholders that are or may be impacted by the operation, we rely on several tools such as social standards publicly adopted by the company, internal policies on human rights, communities, social responsibility, social and human rights clauses in contracts, training for employees and contractors (including security personnel), and communications tools using news items to raise awareness and the promotion of knowledge on human rights through clear messages for all operational levels.

WE HAVE MADE A COMMITMENT TO ADHERE TO INTERNATIONAL GUIDELINES SUCH AS THE PERFORMANCE STANDARDS ON ENVIRONMENTAL AND SOCIAL SUSTAINABILITY OF THE INTERNATIONAL FINANCE CORPORATION (IFC), ESPECIALLY WITH RESPECT TO THE PROVISIONS OF STANDARD 7 ON INDIGENOUS PEOPLES.

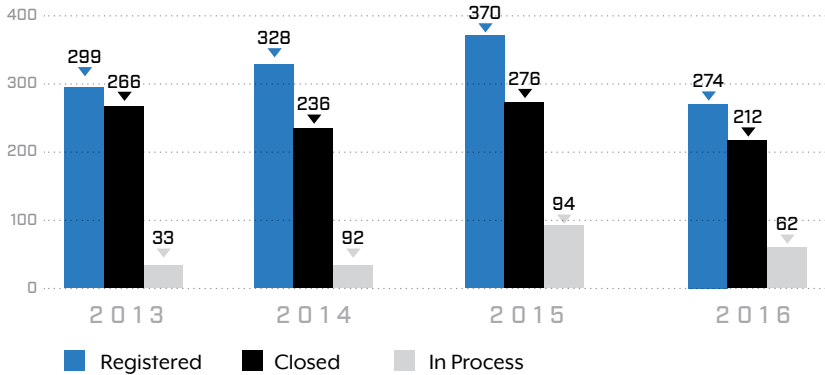
COMPLAINTS OFFICE

In 2009, we were invited by the Corporate Social Responsibility initiative of the Kennedy School of Government at Harvard University to be part of the pilot project for remediation guidelines under the “Protect, Respect, and Remedy” framework on businesses and human rights defined by then-special envoy to the United Nations, John Ruggie.

We were one of five companies in the world that combined forces on this pilot project. These guidelines are designed so that the corporate mechanisms for attending to complaints on impacts and possible violations of human rights are legitimate, accessible, predictable, equitable, compatible, and transparent, based on dialogue and serving as a learning resource. At Cerrejón, we applied three additional guidelines in our model for attending to complaints: that they be

GRAPH 15

NUMBER OF COMPLAINTS RECORDED, CLOSED, AND BEING PROCESSED



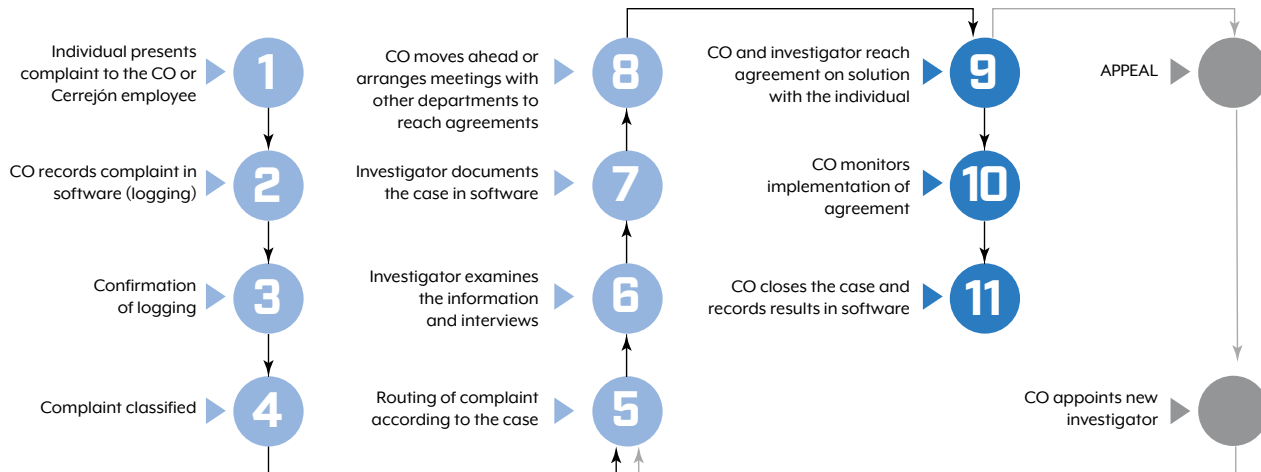
proportional, culturally appropriate, and offer adequate protection.

In 2016, 274 complaints were recorded at our office, with more than 80% related to animals being struck on the railway line. To prevent these incidents, we have been working with our

neighbouring communities on installing barriers to control crossing by animals. Together with the work underway with private security companies to implement reduction and prevention measures, it has resulted in a decreased number of complaints due to that cause.

GRAPH 16

COMPLAINTS OFFICE PROCESS (CO)



OUR CHALLENGES

- Make the findings of the risk and impacts study on human rights known amongst the communities in the area of influence.
- Reach agreements with company areas on plans of action to close gaps and integrate them into our general system for risk management.
- Implement the plan for training and awareness in social responsibility, standards, and human rights amongst employees.
- Improve training in human rights amongst contractors.
- Promote awareness on specific human rights issues in the different operational areas and levels through a communications strategy.
- Cover 100% of the human rights training of private and public security forces as a safeguard against the high personnel turnover.
- Promote and advocate the adoption of this good practice by the Colombian Army.
- Design and implement a human rights program in our supply chain.
- Attend to and close the greatest possible number of complaints regarding operational impacts.
- Expand awareness of the existence of the Complaints Office in the communities south of the mine, including communities involved in a resettlement process.
- Allocate prevention and reporting tasks to other company areas to allow timely reporting and addressing of complaints.
- Increase the number of barriers controlling the crossing of animals on the railroad tracks to prevent an impact on the economic assets of Wayuu communities. ■



Engagement and Respect for the Rights of Indigenous Communities





RESPECT FOR THE RIGHTS OF THE INDIGENOUS COMMUNITIES AND THE PROMOTION OF THEIR WELL-BEING, QUALITY OF LIFE, AND CULTURAL LEGACY ARE FUNDAMENTAL IN OUR MANAGEMENT MISSION. THAT IS WHY OUR HUMAN RIGHTS POLICY PAYS SPECIAL ATTENTION TO THE RIGHTS OF VULNERABLE PEOPLES WITH AN EMPHASIS ON ETHNIC GROUPS.

PRIOR CONSULTATION WITH ETHNIC COMMUNITIES

We have a team and budget earmarked for addressing the impacts created by our operation on indigenous communities. In this vein, we carry out prior consultation before undertaking projects that could impact the rights of these communities in order to protect their cultural, social, and economic integrity, and guarantee their right to participation.

PRINCIPLES FOR RESPONDING TO PRIOR CONSULTATION

Principle 1. Compliance with the regulations, standards, and legal precedents currently in effect.

Prior consultation before initiating a project.

- Move ahead on the consultation process without pressure.
- Provide timely, efficient information.
- Communicate potential impacts clearly and transparently.
- Move ahead on the consultation process in good faith.

- Show a willingness to listen to and integrate proposals from the community.

Principle 2. Transparent engagement with all stakeholders.

Principle 3. Undertake the consultation process according to the impacts of each project.

Principle 4. Respect the role and independence of every participating public institution.

Principle 5. Evaluate project impacts on indigenous culture, territory, and autonomy.

Principle 6. Address the consulting process through an inter-cultural dialogue respecting the culture, values, traditions, and customs of communities

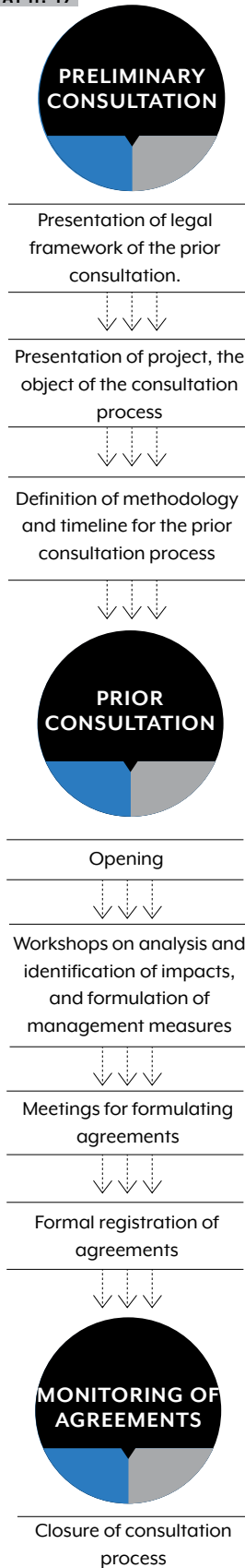
Principle 7. Safeguard the legitimate participation of communities and their authorities, and recognize their autonomy.

Principle 8. Guarantee the process with firm commitments to:

- Permanent participation in bodies involved in oversight.
- Timely and complete information.
- Provide sufficient time for consultations and reflection.
- Mechanisms for response and complaints.

04 MANAGEMENT OF IMPACTS IN OUR OPERATION

GRAPH. 17



- Training in knowledge and awareness of rights.
- Mutual agreement on stages, methodologies, and timeline with the communities involved.
- Make access to information easier by using the language of the Wayuu ethnic group.

Principle 9. Take part in evaluating the involvement of third parties, their role and mandate.

Once the presence of a community in our area of influence is certified, we proceed to coordinating and preparing the consultation process. It involves three phases (see Graph 17).

On December 14 of 2016, we carried out the formal registration of the following agreements with the Patilla and Chancleta communities, agreed on under the framework of the details requested by the second and third orders of Ruling T-256, of 2015, of the Constitutional Court:

- The community expressed its free, prior, and informed consent for the proposed resettlement.
- The community independently decided to undertake the resettlement process individually.

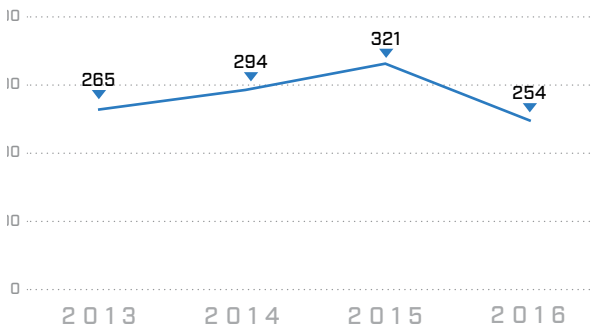
- A recognition and acknowledgment of different impacts for the families was given in accordance with the variables identified in the mutually agreed upon master list of impacts.
- Compensation and management measures were established in accordance with the impacts identified for each family.
- An individual Family Life project was prepared for each family.
- A study of the health conditions and overall health status of all the families was conducted by Cerrejón in conjunction with the Colombian Pneumology Foundation.

COMPLAINTS ASSOCIATED WITH RIGHTS OF INDIGENOUS COMMUNITIES AND MEASURES ADOPTED

We consider incidents related to indigenous rights to be those that affect their identity, tradition, customs, territory, and culture. We reported 254 cases in 2016, of which 234 were related to animals being struck on the railroad tracks, the lowest number reported over

GRAPH 18


COMPLAINTS ASSOCIATED WITH RIGHTS OF INDIGENOUS COMMUNITIES 2013-2016






the past four years. That was thanks to the corrective plans and actions applied, including dialogue with communities to strengthen responsible shepherding practices, building fences to help control animal crossing, and coordination with operational areas for timely reporting.

OUR CHALLENGES

- Move ahead on the prior consultation processes with ethnic communities for those projects requiring them.
- Continue lowering the number of complaints lodged for incidents with indigenous communities related to the task of preventing and mitigating operational impacts. 

 We work on programs that contribute to preserving the region's indigenous cultural and heritage traditions.





Resettlement and Post-Resettlement

RESETTLEMENT IS UNDERTAKEN IN ORDER TO PROTECT A COMMUNITY FROM ENVIRONMENTAL IMPACTS THAT COULD AFFECT THEM AS AN OUTGROWTH OF MINING ACTIVITY. THIS SOLUTION TAKES PLACE ONLY AS A LAST RESORT DUE TO THE ENORMOUS CHALLENGES INVOLVED. ITS FINAL GOAL IS MOVING A COMMUNITY FROM ITS ORIGINAL HOUSING SITE TO AN AGREED-ON DESTINATION SITE.

BEYOND merely changing the location of a home or community, we know it is a challenge to preserve the social fabric and relation to their natural environment. Therefore, the resettlement process is participatory and involves the community in developing a plan of action for the resettlement following the guidelines of the International Finance Corporation (IFC) of the World Bank.

Responsible management of the process involves support and assistance for relocated families, fulfilling the obligations we acquired, and strong positive engagement with neighbouring communities that aims to improve the quality of life of those taking part in this process.

The post-resettlement phase begins when the families arrive at their new housing site, and psychological-social assistance and support is provided as they connect and adapt to their new lifestyle, and the delivery of the agreed-on compensations and benefits begin.

04 MANAGEMENT OF IMPACTS IN OUR OPERATION

TABLE 4

COMMUNITY	FAMILIES AT THE SITE OF ORIGIN	FAMILIES WITH A SIGNED TRANSFER AGREEMENT	FAMILIES ELIGIBLE FOR RELOCATION	FAMILIES RESETTLED IN NEW LOCATIONS	STATUS AS OF 2016
Roche	31	31	25	25	One hundred percent (100%) of the properties were delivered at the site of origin. The last family was relocated to the final site in 2016. The programs defined in the resettlement agreements are ongoing for the families at the new site.
Patilla	101	77	46	46	The agreement for 62 families of Patilla and Chancleta participating in the prior consultation was formalized in December of 2016. Commencing in 2017, the individual transfer agreements were signed with 60 of these families, with two pending at Patilla. One hundred percent (100% - 46 families eligible for relocation were moved in 2013) continue receiving the programs defined in the resettlement agreements.
Chancleta	106	70	57	47	After the agreement struck during the prior consultation, the signing of agreements with five families not eligible for relocation is still pending. Thirty-eight of the total number of families eligible for relocation moved collectively to the new site in 2013 and, as of the date of the resettlement, nine moved to other municipalities of their own accord.
Las Casitas	62	57	31	25	By the end of 2016, there was a transfer agreement for families eligible for relocation pending signature and the agreement of four rural families was still pending. The 25 families that moved to the new site are receiving the programs defined in the resettlement agreements.
Tamaquito II	31	31	31	31	In December of 2016, we signed a closing agreement with the community on the issues of livelihood means and we advanced in their application process to be classed as an indigenous reservation. One hundred percent (100%) of the families were relocated to the new site in 2013 and to date continue receiving the programs defined in the resettlement agreements.
Total	331	266	190	174	

Families eligible for relocation correspond to those that were defined by each community according to their time of residency and social ties or links.

STATUS OF RESETTLEMENTS

According to the engagement carried out with the families of five communities since 2009, we hereby present our advances in 2016 on the signing of agreements, relocations, and fulfilment of our commitments. It is worth noting that the locations assigned to families with a signed agreement for resettlement are in the municipalities of Barrancas (La Guajira), and in 2016 relocations were performed with the communities of Las Casitas, Chancleta, and Patilla. (See table 4).

MAIN RESULTS OF THE POST-RESETTLEMENTS Educational Reinforcement Program

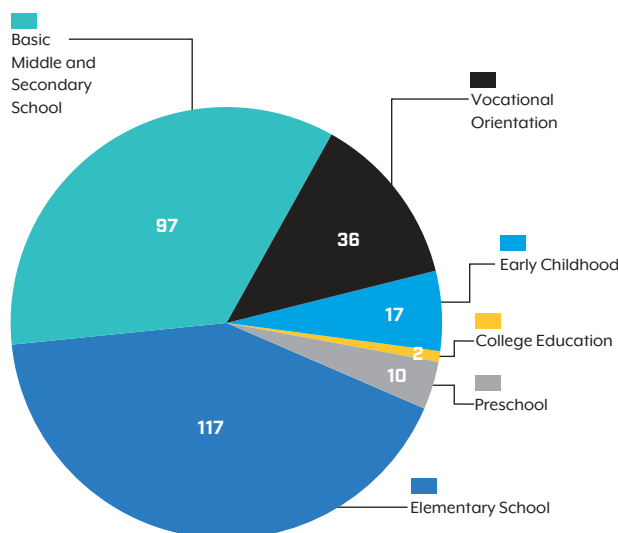
In 2016, 279 students from the five resettled communities were part of this program, thereby diminishing school failure rates from 5% in 2015 to 3.6% in 2016 and enhancing performance in skills-based academic tests, increasing by 8.3 points in the areas of mathematics and languages compared to 2015.

This program has been implemented through the Socya operator to develop abilities and skills in school-aged children and youths so as to achieve high performance levels at their schools and a better chance of accessing higher education.

Two students who participated in the vocational guidance program stand out, one as the best secondary school

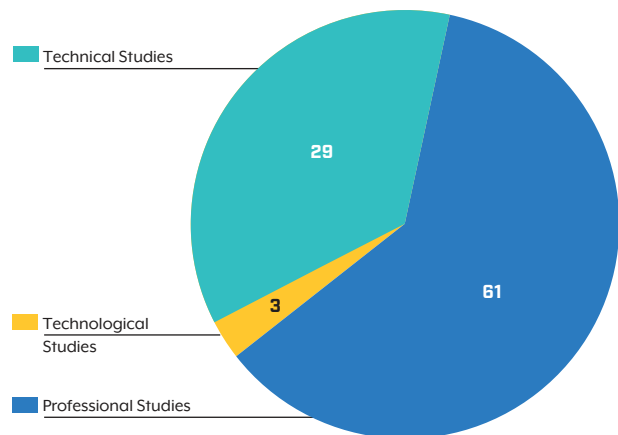
GRAPH 19

NUMBER OF BENEFICIARIES OF THE EDUCATIONAL REINFORCEMENT PROGRAM



GRAPH 20

NUMBER OF BENEFICIARIES OF THE EDUCATIONAL AID PROGRAM



student at the Remedios Solano Educational Institution in the municipality of Barrancas and another student in one of the top three places on the SABER 11 tests, in the same municipality.

Educational Aid Program

A total of 93 persons received educational aids to fund their tuition fees and technical, technological, and professional studies at any national institution. As of 2016, 55 members of the resettled families had completed their studies through this program.

COMPREHENSIVE WATER STRATEGY FOR RESETTLED COMMUNITIES

In 2016, the water intake constructed on the Ranchería River started operation to supply the production projects of all the communities and for human consumption at Roche, Patilla, Chancleta, and Las Casitas. In turn, Tamaquito II has its own water treatment system. Additionally, we defined the strategy to optimize the water system for human consumption by means of the following actions:

- Refurbishment of the drinking water treatment plant that supplies water to Roche, Patilla, Chancleta, and Las Casitas
- Cleaning-up and repair of leaks in the residential and public mains
- Substituting the Tamaquito II drinking water treatment plant
- Campaigns for the proper use of water

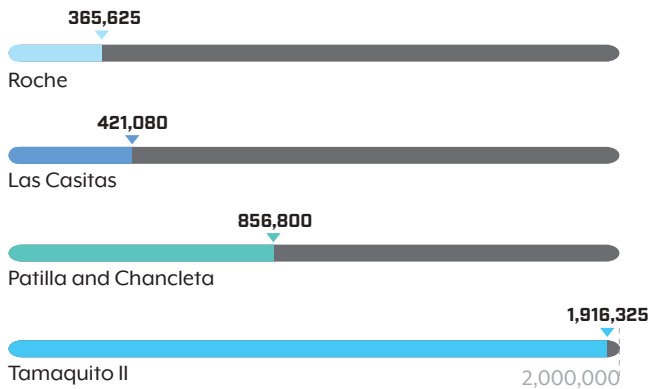
04 MANAGEMENT OF IMPACTS IN OUR OPERATION

Likewise, we signed a memorandum of understanding with the mayor’s office of Barrancas to work on the connection of the resettlements at Roche, Patilla, Chancleta, and Las Casitas to the municipal aqueduct and sewage mains for the purposes of promoting their long-term sustainability.

We shall also lay a water pipeline from the water intake on the Ranchería River towards the property owned by the community of Tamaquito II, to supply its agricultural projects.

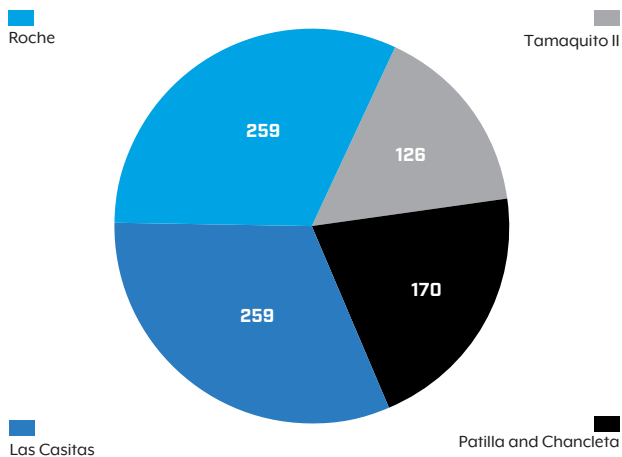
GRAPH 21

LITRES OF WATER DELIVERED TO COMMUNITIES



GRAPH 22

AVERAGE CONSUMPTION OF LITRES OF WATER A DAY RECEIVED PER PERSON



INFRASTRUCTURE

We established a new model of engagement with each community through their community action boards. Thus, we signed an agreement with the community of Patilla for said organization to carry out the repairs to the community's houses at the new site, and we repaired three housing units of families at Roche. The public assets of the resettlements (school, community centres, electrical power infrastructure, amongst others) were handed over to the mayor's office of Barrancas.



OPPORTUNITIES FOR LIVELIHOOD MEANS

These opportunities were materialized through a program to offer advice on production projects and the provision of seed capital to families that have stated the intention and the willingness to carry out business initiatives. The community of Las Casitas continued working on drafting its collective production project, for which purpose it created the cooperative CooMuLaCa and advanced in procuring a farm for agricultural activities. In addition, the agreement with the community of Tamaquito II included a donation of resources for a collective agricultural project on its property.

OUR CHALLENGES

- Fulfilling the agreement signed on resettlement measures with the communities of Patilla and Chancleta within the framework of the prior consultation conducted in 2016.
- Relocating the families that are still at the sites of origin.
- Carrying out the maintenance on the houses at Roche, Patilla, Chancleta, and Las Casitas, and performing the assessment on the status of the houses at Tamaquito II.
- Implementing the final stage of construction of the irrigation system for agricultural projects at Roche, Patilla, and Chancleta.
- Building the pipeline and irrigation system for Las Casitas and the water pipeline to Tamaquito II for agricultural projects.
- Conducting maintenance on the drinking water system for Roche, Patilla, Chancleta, and Las Casitas.
- Handing over the new, operational drinking water treatment plant for Tamaquito II.
- Implementing the agreements we have signed with the mayor's office of Barrancas to carry out the repairs to community assets, as well as the connection from the resettlements to the municipal aqueduct and sewage system. ■

■ Plaza and stage in the community of Patilla.

THE VALUE OF MINING FOR LA GUAJIRA



05



Our Social Approach

OUR SOCIAL PROGRAMS CENTRE ON FINDING SOLUTIONS FOR WATER SUPPLY AND THE CONSERVATION OF WATER RESOURCES, ON CREATING AND STRENGTHENING REGIONAL CAPABILITIES, AND ON PROMOTING STRATEGIC PROJECTS FOR LA GUAJIRA.

THIS CHAPTER GATHERS some stories about the path we began to follow a few years ago with our social performance strategy, focusing on identifying, preventing, mitigating, and compensating for the impacts of our operations. These efforts are coupled to volunteer social investment work aimed at promoting a significant connection to the communities neighbouring our operations and contributing to enhancing quality of life in the region.

We constantly reinforce this strategy to improve the effective management of our impacts and focus our contributions on the development of La Guajira based on investing in three key source projects and initiatives for the region: supplying water, capacity strengthening, and contributing to progress with high-impact projects through constructive, meaningful dialogue with our stakeholders.

What Does it Mean for Us to Be Part of the Community of La Guajira?

WE WOULD LIKE TO CONTRIBUTE TO A TRANSFORMATIONAL PROCESS LED BY COMMUNITIES BY STRENGTHENING THEIR CAPABILITIES.



AS A COMPANY, we are convinced that we have a significant opportunity to contribute to the progress of the region through our mining activities even though we know that there is still a long way to go to reduce the coverage and inequity gaps in La Guajira.

In the course of 30 years of operations, we have travelled a path and learned various lessons that today lead

us to think that, in order to narrow the development gaps, we must continue directing our efforts at constructing alliances amongst the different sectors and contributing sustainable solutions in regards to the access and conservation of water resources and the development of institutional and community-based capabilities.

We have contributed to several education fronts, a core element identified by a commission of experts formed by the Colombian government in 1996 to provide direction for future development for our nation. How can the private sector contribute to setting up abilities that can be constituted into capital so that people are empowered in the future?

In this vein, over the past 12 years, we have granted scholarships to 187 young Guajirans to support their studies at the university and in the career of their choice. The latest graduating class of this group of students selected (based on top academic scores on the SABER tests) shall complete their studies in 2022. We have also contributed to training 12,000 of our employees' children. Our desire is that they return to the region and contribute their knowledge and experiences, and thus lead true transformation processes.

In 2012, we created the Institution of Technical Studies (Tecnoguajira), which has trained 705 Guajirans. The goal is to strengthen skills to link the supply chains of the mining business and, since 2016, in tourism and hotel service activities, sectors identified as having the greatest potential to be engines of diversification in the regional economy.

Since 2008, we have supported regional and local authorities in technical training and methodologies to generate capacities in the planning and execution of public resource projects. As part of this process, the emphasis has been on drafting and overseeing development plans as well as on organizing projects to comply with goals and enhancing the quality of life of residents.

A project that fills us with pride is the experimental farm 10 km from Uribia (km 64 on the road from the mine to

TABLE 5

STRENGTHENING CAPABILITIES


ACTIONS	RESULTS
Institutional	<ul style="list-style-type: none"> Strengthening the public administration of the municipalities of Barrancas, Hatonuevo, Maicao, Albania, Manauare, Dibulla, and the regional government of La Guajira through training activities mainly focused on planning. 159 people trained in project planning, 42 projects prepared.
Community	<ul style="list-style-type: none"> 19 self-administration projects in sectors such as drinking water, roads, and energy at four indigenous reservations. 1,091 families from 169 communities participated in the Wayuu Food Security Program (ASAWA). Production of 255 tonnes of food by 146 communities for consumption and marketing. 748 families benefited from the Food for Work Program in partnership with the World Food Programme (WFP). 3,309 people benefited with the implementation of solar panels and refrigeration systems.
Business and Traditional Wayuu Productive System	<ul style="list-style-type: none"> 23 companies participated in the supplier development program. For more details, see the chapter Our Responsible Supplier and Contractor Management (pág. 92). 528 students and 28 teachers from ten schools participate in the Most Entrepreneurial Youths Program. 75 graduates of Tecnoguajira in the Mining Equipment Operation and Maintenance Programs. As part of the artisan strengthening program in an agreement with Artesanías de Colombia, seven artisan product lines were developed. Advising of 400 artisans on the topics of intellectual property, designation of origin, and collective brands. Participation of 27 artisan groups in regional and national fairs, obtaining more than COP 40 million in revenue. Two intellectual property promotion and disclosure events held with the participation of 87 artisans in Riohacha and Bogotá.

Puerto Bolívar) on which traditional sowing activities of the Wayuu culture are shared and put into practice to preserve the ancestral knowledge of the indigenous communities and contribute to the development of food-security alternatives that can be replicated on different scales in the region.

Furthermore, we seek to reinforce the production and trading of arts and crafts through innovative processes

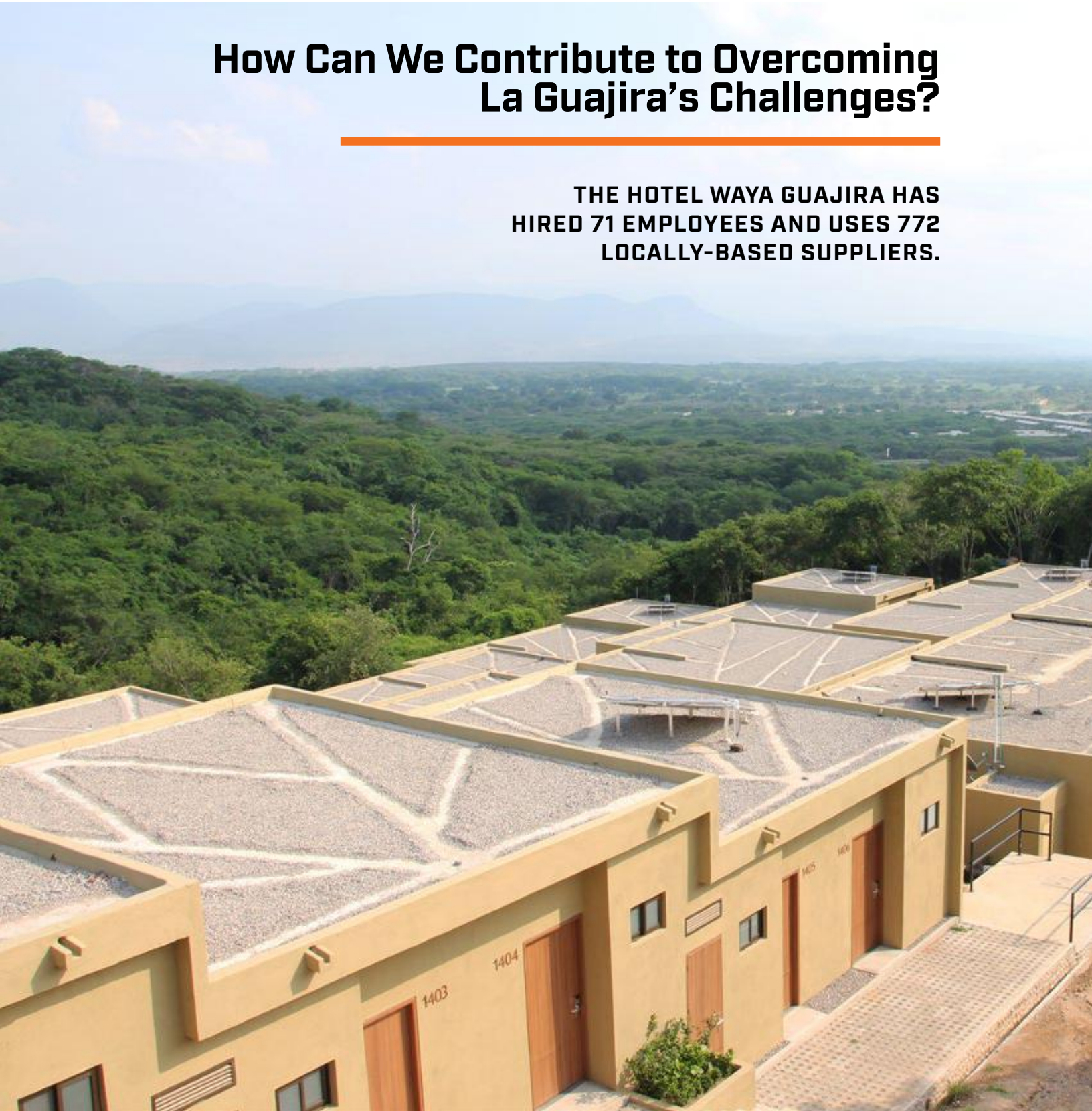
to develop new production lines and technical advice in the marketing and formalization of their businesses since one of the economic activities characteristic of the Wayuu culture and tradition is its artisanal works.

Finally, we are committed to reinforcing productive inclusion, which includes contributing to the growth of our providers and other companies in the region so that they can gain

ground in other markets and activities, train core labour skills to facilitate the hiring of unqualified labour in various industries, and the development of enterprises. We believe that these actions to leave installed capacities in the region shall contribute to the future to be built, filled with common incentives for communities, the public sector, and the industrial sector. 

How Can We Contribute to Overcoming La Guajira's Challenges?

THE HOTEL WAYA GUAJIRA HAS HIRED 71 EMPLOYEES AND USES 772 LOCALLY-BASED SUPPLIERS.





OUR LESSONS LEARNED have led us to understand that our viability and sustainability are bound to that of the region. Although we have organized social programs for the benefit of our neighbouring communities since the beginning of our operations, we have come to understand that our role must be to become one of the department's main partners for sustainable progress. Our knowledge of La Guajira and our management skills must be used to attract greater attention for the various sectors that facilitate the launching of projects that leverage the department's path of social and economic progress.

Our experience in La Guajira and the knowledge obtained from dialogue with communities and various cultural, indigenous, rural, and African-Colombian groups has made us think that, while development aspects such as business networks are strengthened, the region's most basic needs must also be addressed: access to water, road connections and public services.

We are aware that our operations and management are part of the solution, and we are committed to attaining the greatest positive impact possible. However, we recognize that La Guajira's needs are a national problem that transcends our skills and responsibilities. That is why our commitment to La Guajira's future is based on promoting projects that

contribute to decreasing development gaps, where the State, the private sector, non-governmental organizations, and the community join forces to devise, organize, and execute comprehensive plans that permit the region to move its development forward in the medium term.

We would like to show some examples of this commitment. On the water front, and in order to make better use of groundwater sources, we are working with the Colombian Geological Service and Corpoguajira on a hydrogeological model that will identify the potential supply and demand of groundwater. This will be aligned with a Water Research Centre (Winka), a project in partnership with the Ceiba Foundation, the regional government, the University of La Guajira, and the Ministry of Education. The objective is to install water resource management capacities in the department.

Furthermore, we have partnered with the principal development initiatives in the region that generate new connections and contribute to the strengthening of various regional sectors such as tourism, utilizing La Guajira's cultural, ethnic, scenic, and mineral wealth. In December 2013, for instance, together with the consortium comprising Abacus, Contempo, Inversor, and EGSA, we inaugurated the first four-star hotel in the department, the



View of Waya Guajira Hotel.

Waya Guajira. Operated by OxoHotel, it is located one and a half hours away from the Riohacha airport, and since its opening has had more than 50,000 guests. 70% of its employees are natives from the municipality of Albania (in which it is located) and 54% of its suppliers come from the region.

Currently under construction is the DesQbre Guajira Museum, with which we seek to open new occasions for learning about the department's history, culture, and biodiversity, together with geological findings and fossils of great importance, which will attract the attention of national

and foreign visitors. In addition to this tourism cluster, which we want to strengthen, is our Wopushüwa Visitors Centre, at which we annually receive more than 15,000 people who get to know firsthand our mining process and social and environmental programs. For more details, see the chapter Integrity and Ethics (page 18).

Furthermore, with different entities in the region we are participating in an exercise on perspective by thinking about the La Guajira that we want in the next 10 years, about its political, economic, social, and cultural conditions. In this exercise,



We have implemented programs and maintain engagement with our neighbouring communities on 100% of the areas of our integrated operations (the mine, railroad, and port) in partnership with State entities and other civil society organizations, taking into account relevant topics identified for the communities.

THE WAYA GUAJIRA HOTEL IS PRODUCT OF A PARTNERSHIP BETWEEN CERREJÓN AND THE CONSORTIUM FORMED BY ABACUS, CONTEMPO, INVERSOR, AND EGSA.

TABLE 6

SOCIAL PROGRAMS

AREA	RESULTS
Education	<ul style="list-style-type: none"> • 23 students from neighbouring communities supported in their access to higher education. • 43 new students from Campo Herrera entered the Basic Skills Reinforcement Educational Program.
Healthcare	<ul style="list-style-type: none"> • 107 children attended in Growth and Development care at the Barrancas Hospital, 74 experienced improvement in their conditions, and the rest continue to recover. • 1,262 patients attended with the Mobile Healthcare Unit. 72 transferred to hospitals and healthcare stations, which is equivalent to an equal number of lives saved. • 432 children attended at paediatric care day in partnership with the Colombian Air Force.
Culture and Sports	<ul style="list-style-type: none"> • 263 child participants in the Music Program. • 120 trained sports leaders. • Creation of the first Latin American Pitchers school in the municipality of Hatonuevo. • 30 people trained in costume jewellery and product marketing in the communities of Oreganal and Tabaco. • Little League Baseball participation in eight international tournaments. • Participation in 20 national tournaments.
Media Luna	<ul style="list-style-type: none"> • Construction and operation of a fishing provision centre in Media Luna, community of Yokuyokuchi. • Delivery of small boats to Media Luna communities and others located in sector IV of the railroad line (km 120-141). • Construction of 18 homes at the request of the communities of Pioula and Pioulekat, based on the models and designs approved by these communities.
Business Ventures	<ul style="list-style-type: none"> • 12 strengthened productivity units — five agriculture and livestock and seven commercial and manufacturing units. • Positioning of the Los Remedios (Albania) Ecotourism Centre with the start of tourism-environmental packages and the training of their guides. • Production of 24,410 kilos in palm oil crops. • Annual production of 800 sheep in the sheep project.

led by TRUST, we identified the objectives of the prospective agenda for La Guajira, consolidating the department's economic model with competitive and sustainable sector diversity, the construction of an educational model that strengthens Guajiran human capital, the use of La Guajira's multicultural heritage and its geostrategic location, and the efficiency of the public political administrative structure.

In the same vein and with the objective of rethinking La Guajira, in 2016 we also participated in the establishment of the 360° Guajira Regional Studies Centre, the first regional development think tank, in partnership with Promigas and with the support of Fundesarrollo and the La Guajira Chamber of Commerce. The Centre's goal is the generation of technical, reliable, and pertinent information that permits the creation of a local critical

mass that would have an impact on economic and social development.

We are convinced that these partnerships we have established will succeed in developing projects of greater positive impact for the region that will translate into well-being and progress for its people. We are working with the support of more than 50 partners and want to continue expanding this number by seeking to establish strategic alliances in support of La Guajira.

Peace-building, an Opportunity

CARLOS FRANCO, SOCIAL DIALOGUE MANAGER

Without a doubt, the signing of the peace agreement with the FARC was one of the most important events for Colombia in 2016. This historic occurrence opens up the possibility of continuing to progress in overcoming the violence in Colombian society and the hope of obtaining agreements with other rebel groups that are still armed. Cerrejón is aware that peaceful coexistence is the best environment for business, the protection of human rights, and the achievement of the sustainable development goals shared with our stakeholders.

The signing of an agreement to put an end to the conflict with an illegal armed group is a very important step in overcoming violence. However, that is not the entirety of what peace-building means. This is a task for all of society and includes multiple dimensions: satisfying the rights of the victims, fulfilling the signed agreements, demining lands, strengthening democracy and its institutions, appropriating a culture of peaceful coexistence, generating development opportunities, strengthening participation, overcoming the causes of conflicts, and much more. In the case of Colombia, opportunities have been seen in the public works tax deduction strategy, in the programs for the areas most affected by conflict, and in the reforms that are being driven by the need to achieve greater efficiency in public investment. Cerrejón has not, nor will it, step aside from the events of our society. We actively and purposely participate in our role as a private company with respect for the skills, initiatives, and roles of institutions and of the different organizations in society.

In 2016, pluralism and different ways of thinking were respected at the company when faced with situations as complex as the October 2 referendum. The recognition of diversity with the only condition being respect for the law and the use of peaceful methods was the main premise behind our stance.



In the future, we hope that La Guajira will be a peaceful territory full of opportunities. We think that our contribution will be most useful and relevant in three peace-building fields:

- Reinforcing the culture of peaceful coexistence by promoting the contributions of Wayuu cultural values in peaceful conflict resolution as recognized by UNESCO.
- Strengthening the local skills of social organizations and institutions.
- Participating in the building of sustainable development for La Guajira.

In order to achieve efficacy in these goals, we know that we must work together with other companies, institutions, and social organizations. In addition, Guajiran society must define a common purpose and a path for building peace in the department, a process in which we will participate as one of La Guajira's partners.



▣ The institute of technical studies, Tecnoguajira, has trained 705 Guajirans.

OUR CHALLENGES

- To achieve increasingly more comprehensive solutions, agreed upon with the communities, to install capacities in the region, and to promote an increasingly more empowered Guajiran society, prepared to lead the transformations required in their region.
- To establish robust, reliable indicators in the short term to measure the impact of the projects that we leverage in order to apply those that perform best and thus contribute to the challenges that those of us in the private and public sectors have set for ourselves to lessen the social gaps in our country.
- To define a system of social assurance, which allows us to establish a clear model to improve and monitor our performance, based on the standards that we have adopted as an organization. ▣

COMMITMENT WITH WORK IN LA GUAJIRA



06



Our Focus

CERREJÓN'S WORKERS AND CONTRACTORS ARE THE HEART OF THE COMPANY. THEREFORE, ALL CONTRACTING PROCESSES ARE BASED ON THREE PILLARS: PRIORITIZING THE HIRING OF PEOPLE AND ORGANIZATIONS FROM LA GUAJIRA, MAINTAINING FAIRNESS AND DIVERSITY IN WORKER SELECTION, AND PROTECTING AND PROMOTING THE LIFE, HEALTH, AND SAFETY OF WORKERS.

WE PRIORITIZE hiring people and organizations from La Guajira in all our contracting processes, both for direct personnel, and contractors and suppliers of goods and services, according to the profiles required for the operation and its capacity to absorb the commercial and labour supply available in the region. This allows us to generate local employment, drive and strengthen economic development, and contribute to improving the standard of living of inhabitants of this department.



Contribution to Work for La Guajira



WE MAINTAIN EQUALITY AND DIVERSITY CRITERIA FOR THE SELECTION, RECRUITMENT, AND PROMOTION OF COLLABORATORS BASED ON MERITS AND EQUALITY OF CONDITIONS, AND WE GIVE PRIORITY TO APPLICANTS FROM LA GUAJIRA.

THEREFORE, we implement continuous review processes to identify candidates who apply to the required profiles and make sure to have Guajiran personnel in our selection processes.

The same occurs with required contracts, where we assign priority to regional companies provided they meet the conditions required for the goods or services. Given the specificity of some of the supplies required for the operation (such as tyres, mining equipment, diesel, and others), a certain percentage of purchases is sourced from international companies.

In this chapter, we share characteristics of our work force, its turnover (broken down by type of contract, gender, and region), as well as aspects worth highlighting from our management efforts in 2016 in terms of contracting.

CULTURAL ATTRIBUTES

In a strategic planning session with the participation of different company areas, we identified five attributes for which we want to be recognized and with which we can overcome the internal and external challenges we face as an organization. These attributes, which make up the process of cultural change, must constitute the company's DNA — what we want and need as the core of our way of doing things and approaching different situations. The participation of all of us who make up Cerrejón has been fundamental during the process of appropriation,

understanding, and putting these five attributes into practice.

- We identified 2,100 actions that evidence our attributes in our daily activities.
- We have worked to strengthen two attributes: empowerment and awareness of self-care in 223 workers' groups, which consist of meetings between supervisors and their work groups.
- 5,725 employees of contractor firms have agreed to abide by these attributes, and 2,951 employees have become stronger with them.
- We have identified 120 agents of change proposed by organization leaders to transmit the attributes.
- We have defined the 15 behaviours that show the attributes in our daily activities.

WORKERS AND CONTRACTORS

At the end of 2016, we had a total of 11,814 associates working in both administrative and operational areas at the mine, Puerto Bolívar, and Bogotá. Of these, 5,925 are direct employees and 589 are contractors.

In an industry such as mining, traditionally made up by men, women have managed to position themselves thanks to their commitment, dedication, and excellence in work. Currently, more than 900 women, including direct employees and contractors, are associated with our operation at Cerrejón, and we make ever greater efforts to gradually increase their participation.

CULTURAL ATTRIBUTES

• **We generate value.**

We preserve Cerrejón's resources as if they were our own, and propose and execute ideas to achieve the best results possible in all company areas with the purpose of improving constantly and achieving maximum productivity.

• **Capacity for change.**

We evolve and adapt to the circumstances of the company, the region, and the country to overcome challenges and be sustainable.

• **Agile and simple.**

We simplify our processes, make decisions, and act to achieve more and better results.

• **Empowered.**

We are accountable for our results, trust in others, and work as a team.

• **Awareness of self-care.**

We are committed to supervising our safety and our health by promoting a balance between work and personal life.

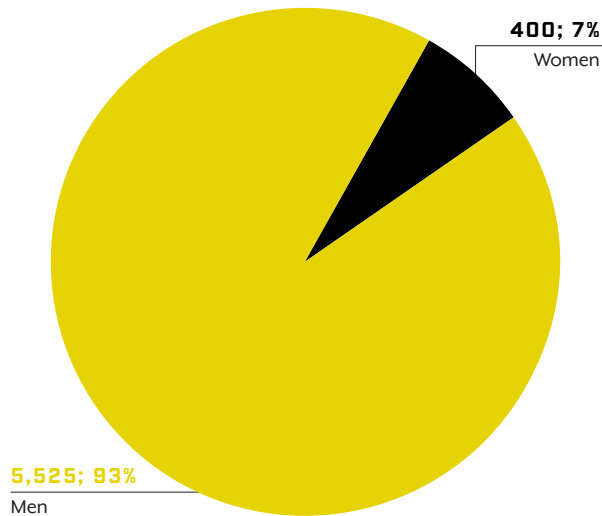
06 COMMITMENT WITH WORK IN LA GUAJIRA

To ensure the process of social and work adaptation, especially in operational areas, we have organized theoretical-practical workshops to continue re-enforcing their personal skills, growth, and development. We have remodelled facilities in these areas so women can perform operational tasks better (for example, by adding restrooms exclusively for them).

We have established a bank of temporary positions for pregnant women who are working, mainly in administrative and filing areas if their regular activities constitute any risk for their pregnancy.

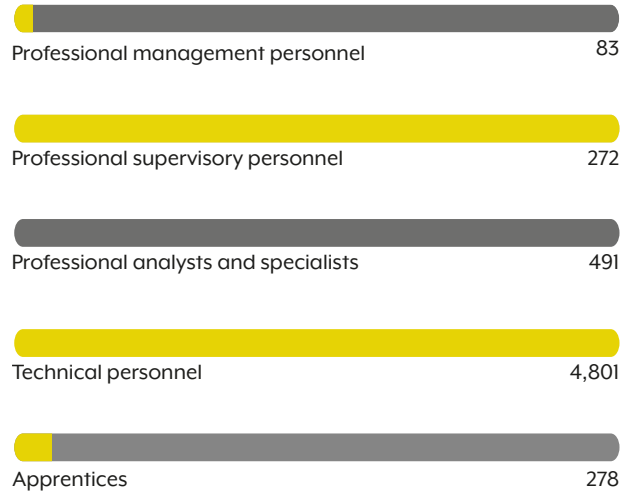
GRAPH 23

OUR EMPLOYEE LIST IS BROKEN DOWN BY GENDER



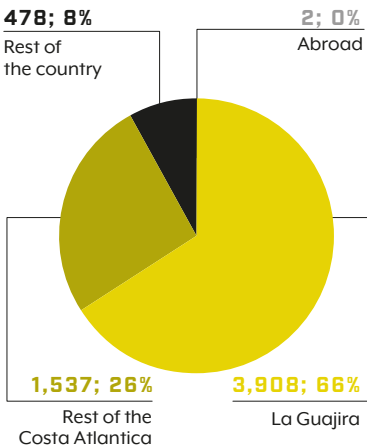
GRAPH 24

OUR EMPLOYEES PER TYPE OF JOB TITLE



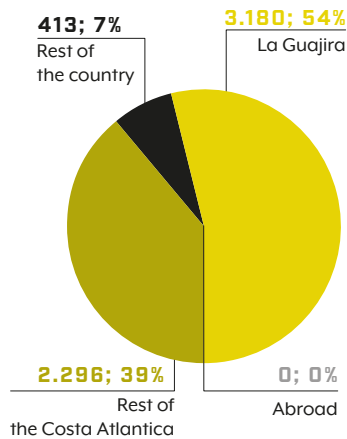
GRAPH 25

EMPLOYEES BY REGION



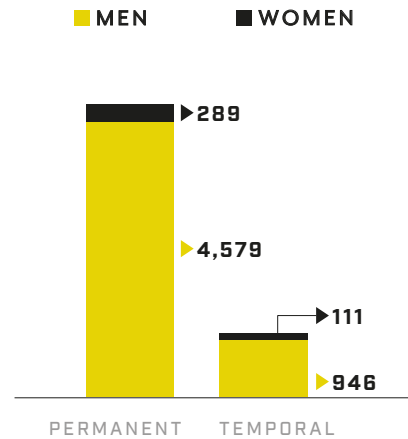
GRAPH 26

OUR CONTRATORS BY REGION



GRAPH 27

OUR EMPLOYEES BY TYPE OF CONTRACT

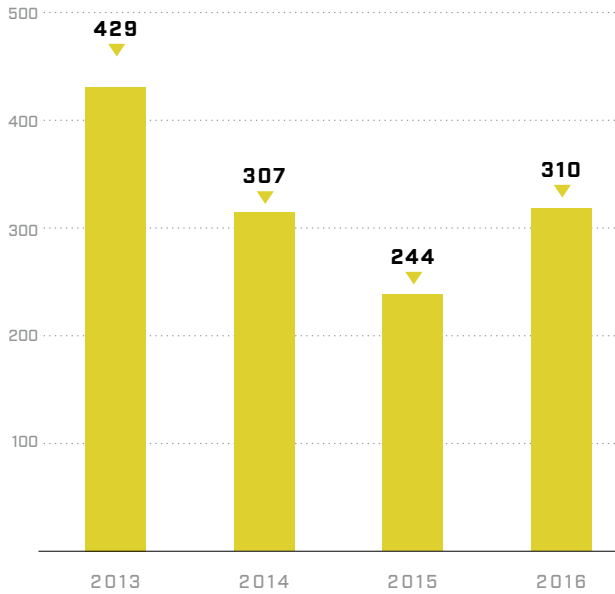


JOB CREATION

In 2016, 74% of contracting comprised personnel from the region.

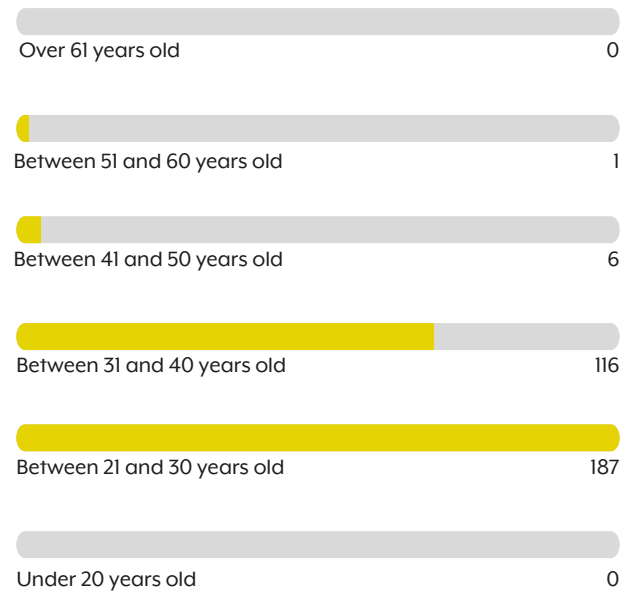
GRAPH 28

CONTRACTING TRENDS (NUMBER OF EMPLOYEES)



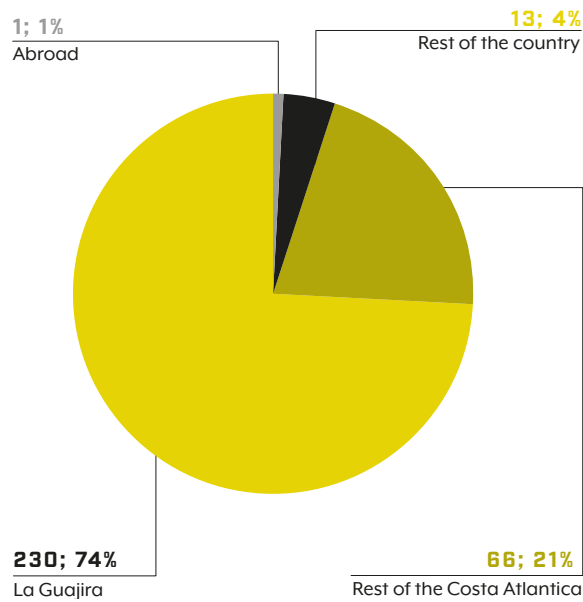
GRAPH 29

NUMBER OF CONTRACTS BY AGE RANGE



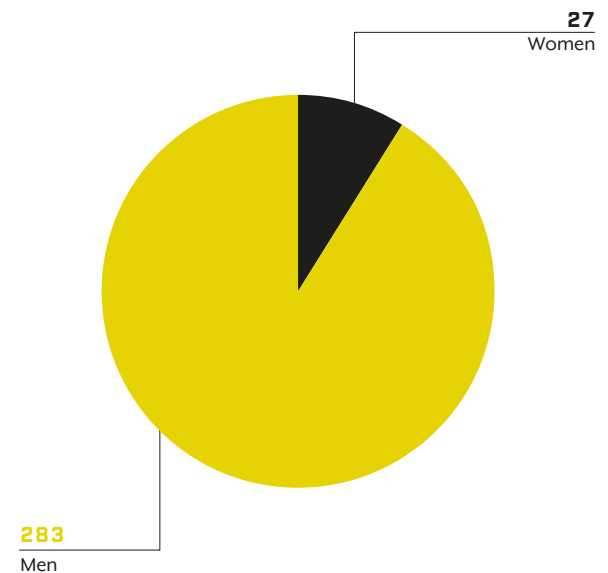
GRAPH 30

CONTRACTS BY REGION



GRAPH 31

NUMBER OF CONTRACTS BY GENDER





TURNOVER RATE

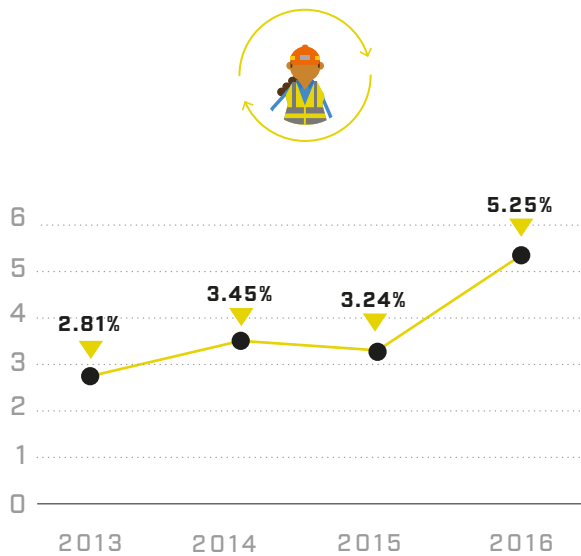
We started organizational restructuring in 2016 to bring us into line with international standards, motivated by market context and personnel turnover due to retirement. Therefore, we showed an increase in the turnover indicator compared to previous years, as well as an increase in contracting to fill the new vacancies.

OUR CHALLENGES

- To stabilize the organization with enough people to meet internal needs and be more competitive in the international market.
- To design strategies that allow us to increase the involvement of women. ▣

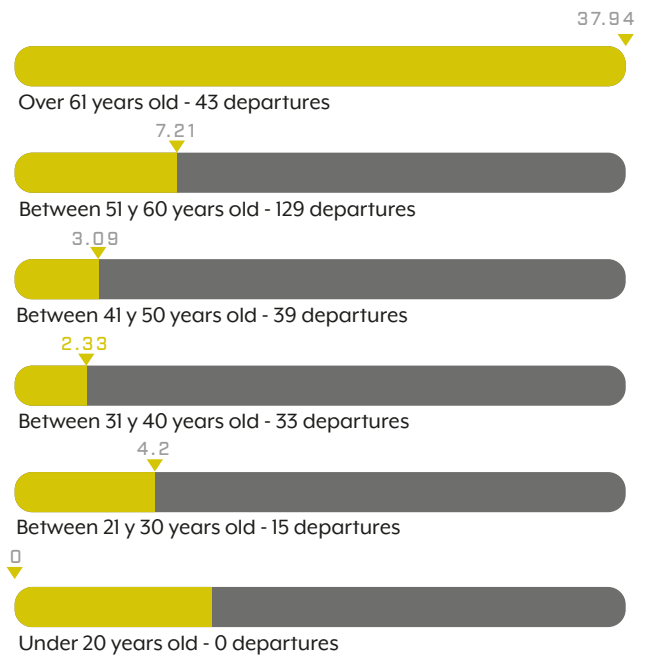
GRAPH 32

TRENDS IN TURNOVER RATE



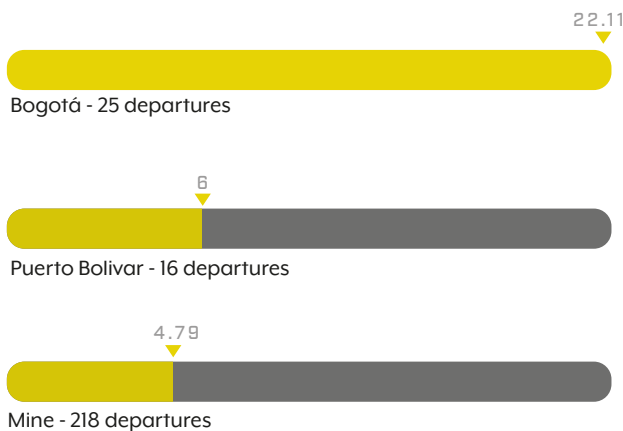
GRAPH 33

TURNOVER RATE BY AGE (NUMBER OF DEPARTURES)



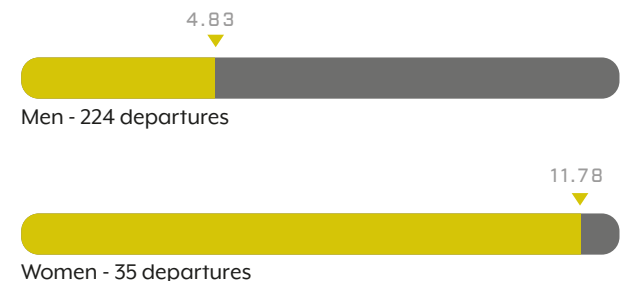
GRAPH 34

TURNOVER RATE BY WORKPLACE (NUMBER OF DEPARTURES)



GRAPH 35

TURNOVER RATE BY GENDER (NUMBER OF DEPARTURES)



Commitment to a Safe and Healthy Workplace





OUR WORKERS AND CONTRACTORS DRIVE OUR COMPANY. IT IS OUR PRIORITY TO PROTECT AND PROMOTE THEIR LIFE, HEALTH, AND SAFETY BY CREATING AN OPTIMUM, WORK-ORIENTED CULTURE AND ENVIRONMENT THAT ALLOWS US TO AVOID ACCIDENTS, ILLNESSES, AND OTHER SITUATIONS THAT MAY AFFECT THEIR INTEGRITY.

WITH THE PURPOSE of effectively managing our health and safety risks, and defining actions based on practical improvements, we take as a reference the Comprehensive Occupational Healthcare Guide based on the evidence (GATISO) of the Ministry of Labour and rely on the Certificate of International OSHA Standard 18001 for our Work Health and Safety Management Systems.

From the health standpoint, our efforts seek to control occupational diseases through the integration of industrial hygiene, preventive medicine, and workplace processes. This allows us, on one hand, to quickly identify the occupational risk conditions to which workers are exposed and implement tactical controls that mitigate these risks. On the other hand, it also allows us to carry out medical monitoring to identify deviations from health early, possibly associated with exposure to an agent of risk, and take the required actions.

This management is part of the different Epidemiological Surveillance Systems (ESS) regularly updated by Cerrejón.

In terms of safety, we have a Fatal Risk Management System based on the identification of causes and circumstances that may lead to a fatal accident and that continues with the definition and implementation of controls to avoid them.

Additionally, based on the experience we have gained in our operation's daily work and our shareholders' good practices, we have established actions tending to mitigate the most relevant risks for our workers and contractors, which include: interaction with light vehicles and heavy equipment, working at height, load management, electrical work, work on embankments, explosives, and train operation.

“Life is precious and preserving it is fundamental”

JON EVANS, EXECUTIVE VICE PRESIDENT OF OPERATIONS (COO)

WE WANT EVERY ONE of our collaborators to return home to their families at the end of their shift or work day in perfect condition. That is our priority.

The experience and lessons we have gained as an organization over these 30 years have allowed us to become what we are today — a safe operation for our workers and for those who interact with us daily at the mine, railroad, Puerto Bolívar, and Bogotá.

Upon arriving at Cerrejón, when I became Executive Vice President of Operations, I confirmed that this operation is a benchmark for responsible mining. From that standpoint, I am proud to point out that we did not have any fatalities in our operation in 2016, which reflects our teamwork, the effectiveness of our efforts, and the commitment that we, as an organization, have with proper risk identification and management. Good results are a consequence of doing things right. And doing things right is achieving what is expected in terms of productivity, availability, and reliability. And safety is an integral part of our work.



The contribution of everyone who makes up this operation was fundamental to achieve this — women and men increasingly more aware that caring for our life and health in the operation is everyone's responsibility.

It is and always will be our priority to keep our operation fatality-free, and we will continue dedicating all our efforts and necessary resources to continue being an example of responsible mining in Colombia.



■ Our operation meets the highest standards and follows industry best practices.

GRAPH 36

EXECUTION OF OUR OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT SYSTEM

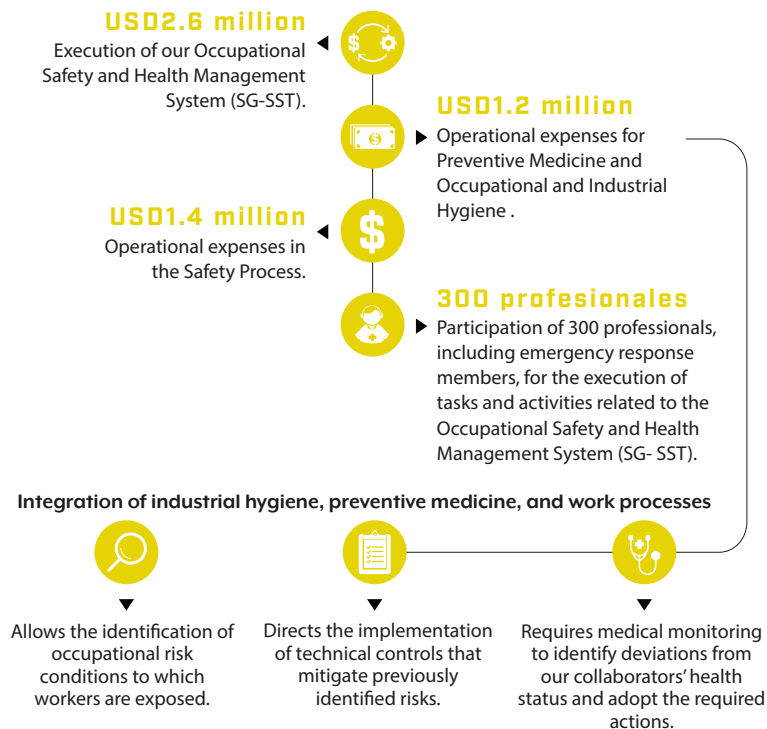


TABLE 7

OUR OVERSIGHT COMMITTEES

COMMITTEE	GENERAL ASPECTS
Joint Committee on Health and Safety (COPASST)	Our employees represent 50% of this committee. They actively participate with a representation of 16 persons elected by workers (8 representatives from workers at the mine, 4 from Bogotá, and 4 from Puerto Bolívar) and 16 designated by Cerrejón's administration. Topics include: <ul style="list-style-type: none"> Investigating work-related accidents Planned inspections Reviewing the various epidemiological surveillance systems
Health committee with Sintracarbón	Comprising 12 representatives, four from the administration and eight from Sintracarbón, the largest trade union at Cerrejón.
Committee with Sintracerejón	Comprising eight representatives, four from the administration and four from Sintracerejón. Coupled to the health topic, this committee deals with all aspects related to the workers affiliated with this trade union.

The COPASST and contractors. We monitor their performance through their compliance with the legal requirements regarding the Occupational Health and Safety System (OHSS), audited by the Colombian Safety Council.

OUR RESULTS

All Cerrejón employees are linked to Similar Exposure Groups (SEG) that classify occupational exposure taking into account international technical benchmarks. Considering the nature of certain industrial operations, some employees may be subjected to greater risk than others. Therefore, various technical control actions have been designed at Cerrejón to reduce this exposure.

Some examples are the redesigning of processes, the maintenance given to mining equipment cabins, the wetting of roads, and process automation, amongst many others. In addition, education processes are permanently in place to increase self-care awareness in workers. This includes providing them with the best quality and amount of personal protection elements. Cerrejón also undertakes permanent medical oversight of all its employees according to the level of risk in each and every one of the company's SEGs for the early detection of any change in their health and to immediately undertake individual and group actions if any changes are found.

In 2016, 4,091 workers were engaged in jobs the nature of which involved higher exposures to the risk of acquiring occupational diseases since they were being exposed to industrial noise levels above permitted limits, and 50 were exposed to particulate matter with silica contents. These employees, as well as those exposed to lower exposure levels, have benefited from the aforementioned control actions (Table 8).

In this regard, we developed technical projects to control occupational risks in several company

06 COMMITMENT WITH WORK IN LA GUAJIRA

areas and, for the first time, organized the diploma course on “Hygiene for non-Hygienists” for 31 engineer leaders in Safety and Health at Work (SHW), strengthening their hygiene and control competencies.

**CERREJÓN
IN MOTION**

This initiative has become our health brand. Its objective is to contribute to promoting a culture of self-care and generate healthy lifestyle habits in the social context and outside working hours for Cerrejón’s workers, their family members, and the

community. An additional goal is to reduce the high excess weight and obesity levels in our employees.

The model has three core and transverse mainstays that support it: physical activity, healthy eating, and transverse education.

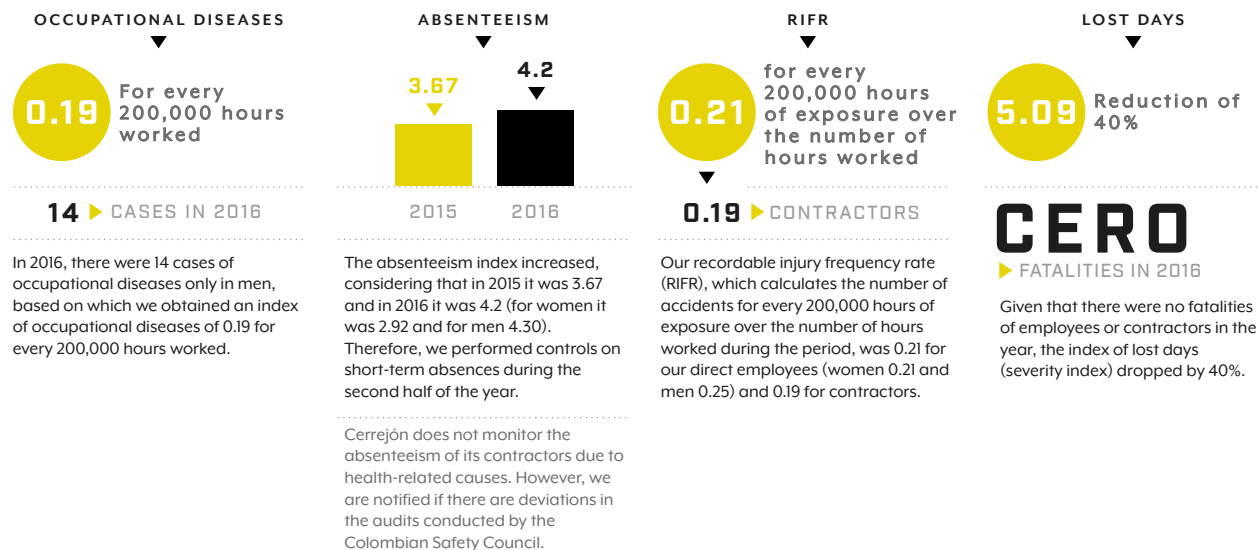
The program began with 1,818 participants (59% employees and

TABLE 8

TYPE OF EXPOSURE	NUMBER OF WORKERS CARRYING OUT THE ACTIVITY	OUR MAIN PREVENTION, MITIGATION, AND OVERSIGHT MEASURES
Exposure to noise levels above the corrected TLVs - Threshold Limit Value (maximum allowed exposure concentration of workers to various occupational risks)	4,041	Redesigning of processes, enclosure of cabins, diminishing time of exposure, medical oversight, new technologies and tools, the use of personal protection elements.
Exposure to particulate matter with silica content in excess of corrected TLVs.	50	Wetting of roads, dust suppression systems, covered coal conveyor belts, temporary storage silos to load trains and vessels with effective emission-control systems, maintenance given to the enclosed cabins of mining equipment.

GRAPH 37

INDEXES OF OCCUPATIONAL SAFETY AND HEALTH 2016



41% family members), who were measured during the first quarter of 2015. The results indicated that 80% suffered from some degree of excess weight or obesity, 38% showed abnormal total cholesterol, and 29.6% had abnormal triglyceride levels.

In 2016, what stood out was that the excess weight and obesity levels had dropped by 3.75%, triglyceride levels dropped by 6.9%, and cholesterol levels remained unchanged.

Absenteeism due to health reasons (general diseases) among participating workers prior to the start of Cerrejón in Motion and during the year of these activities went from 1.73% to 1.65%, a drop of 4.62%.

In 2016, participation rose to 2,823 persons compared to the 2,030 participants by the end of 2015. In addition, we achieved participation adherence of 68% thanks to the extension of the project to various players such as the Departmental Institute of Sports of La Guajira, local mayors' offices, employee funds, and cooperatives.

We also managed to motivate our contractors with the good practices of Cerrejón in Motion, promoting activities and initiatives of their own to reinforce this culture in their workers.

OUR CHALLENGES

- Reducing absenteeism, dropping it to 3.6% by designing and implementing the campaign It is worth while to be present (Vale la pena estar presente).
- Implementing technical control strategies to reduce exposure to various occupational risks and administrative control measures such as the proper use of personal protection elements, amongst others.
- Maintaining our score of zero fatalities in our operation and in repeated high potential accidents.
- Consolidating the Fatal Risks Management System in activities carried out by employees and contractors.
- Continuing to reduce the recordable injury frequency rate (RIFR).



ACKNOWLEDGEMENTS

- First place in the 2016 Responsible Hearts award – Business Category, granted by the Colombian Heart and Society Foundation.
- Diamond award – Gold category granted by ARL Positiva 2015-2016 award.



Responsible and Transparent Engagement with our Workers

IN CERREJÓN WE ARE COMMITTED WITH THE COMPREHENSIVE DEVELOPMENT OF OUR WORKERS.

ENGAGEMENT with our workers focuses on maintaining a permanent and transparent two-way dialogue, offering comprehensive development through training programs geared towards reinforcing their professional

careers, enhancing their quality of life based on the benefits generated by Cerrejón, and offering fair and decent working conditions in terms of compensation and remuneration.

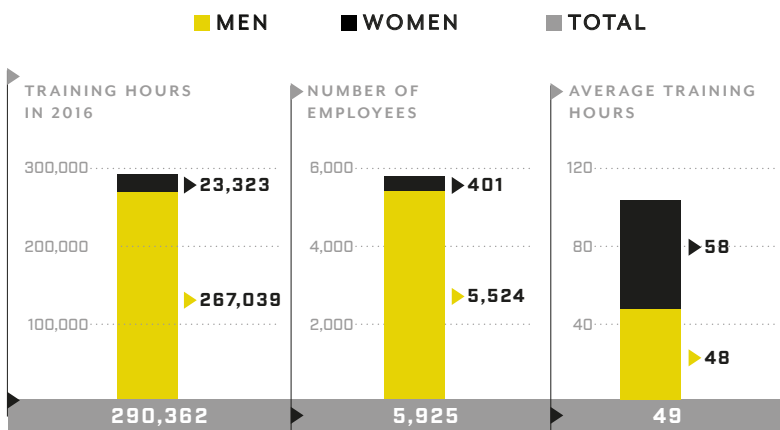
TRAINING AND DEVELOPMENT

The use of new technologies to back teaching processes is becoming more relevant worldwide with every day. These technologies allow optimization in the use of resources, incorporating aspects associated to emergency handling, and especially offer flexibility to the company and employees in the execution of processes.

At Cerrejón, we have two simulators with up-to-date software to offer training in the safe operation of some of our heavy equipment (such as the CAT 240 ton trucks, Hitachi EX 5500 shovels, DII tractors, and other equipment). We also have light equipment driving kits to simulate up to the last detail of the environment and to program in unforeseen situations encountered while operating said equipment in the mining area. Unexpected failures or external conditions that could be dangerous can even be programmed

GRAPH 38

PRINCIPAL INCREASES IN TRAINING HOURS PER PERSON



Training in operational integrity (safety, health, and environment)



Technical training (improving technical and operational skills)

so as to verify that the person has the required skills, especially those applicable to the various procedures for acting safely in case of emergencies.

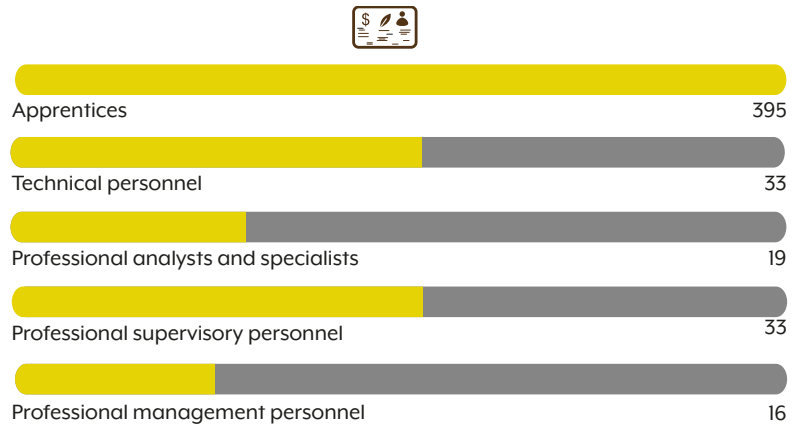
In 2016, 1,544 persons (including employees and contractors) were trained on the simulators, accruing close to 1,600 man-hours of training.

MAIN BENEFITS FOR OUR EMPLOYEES

At Cerrejón, we contribute to the quality of life and development of our employees and their families through the benefits offered by our organization.

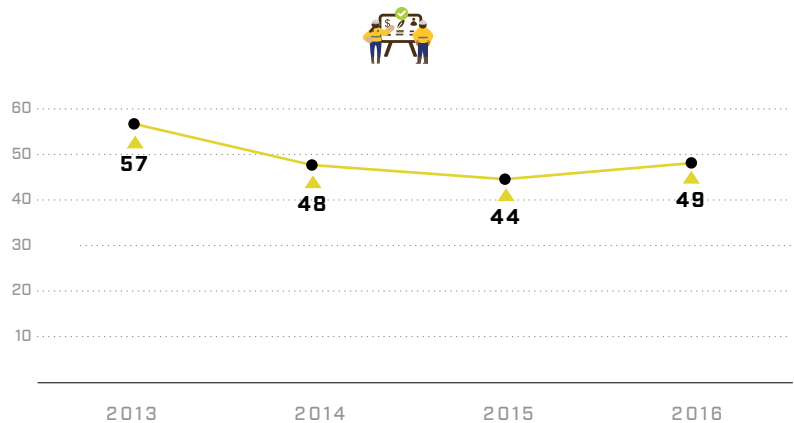
GRAPH 39

AVERAGE NUMBER OF TRAINING HOURS 2016



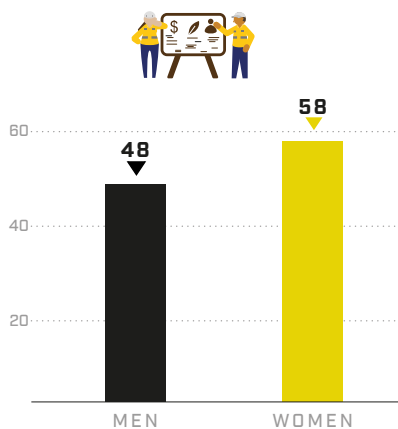
GRAPH 40

AVERAGE HOURS OF TRAINING PER EMPLOYEE (2013-2016)



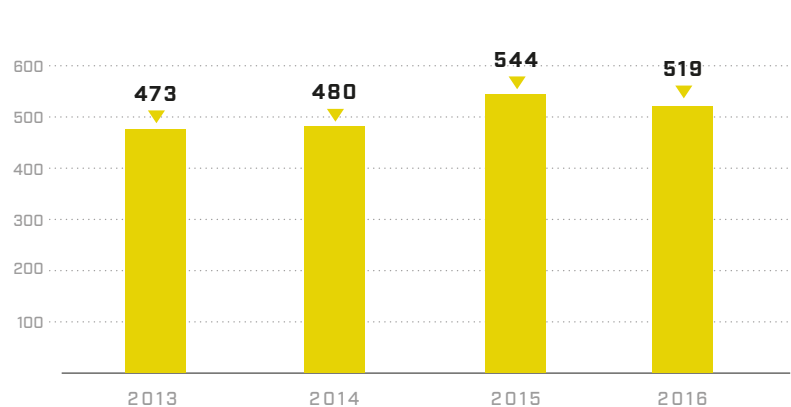
GRAPH 41

AVERAGE NUMBER OF TRAINING HOURS BY GENDER



GRAPH 42

HISTORIC DATA ON THE NUMBER OF SKILL MANAGEMENT COURSES FOR WORKERS



06 COMMITMENT WITH WORK IN LA GUAJIRA

TABLE 9

MAIN BENEFITS IN 2016	INVESTMENT 2016 (COPM)	COVERS ALL EMPLOYEES	COVERS ONLY EMPLOYEES PER BARGAINING AGREEMENT
Supplementary healthcare plans to meet the medical needs of our employees and beneficiaries in a private care scheme	29,009	x	
Retirement plan to foster long-term savings and the constitution of patrimony.	20,525	x	
PHousing loans at better rates than the market offers.	9,643	x	
A comprehensive insurance plan aimed at economic security and the protection of our employees' family members in case of demise due to natural causes or disability.	7,939	x	
Productivity bonus: stimulus to our employees for meeting operational goals and safety and quality indicators.	7,253	x	
<i>Per diem</i> for medical treatment: aid to cover transfers and accommodation in case of medical treatment in a city other than the city where the employee resides.	2,291		x
Educational aids: aid to cover school and university education expenses of our workers' children.	17,061		x
Educational aid plan: to aid our employees in developing skills to enable them to perform better in their current positions or others they may have in future.	298	x	
Special bonus to stimulate employees to meet operational and safety goals and quality indicators.	16,699		x
PConventional loans: financial aid for employees experiencing economic hardship.	3,547		x
Conventional aids.	664		x
Vacation bonuses.	19,039	x	
Christmas bonuses.	17,847	x	
Conventional bonuses.	5,035		x



OUR CHALLENGES

- To continue reinforcing procedures to manage different types of emergencies in the operation of heavy machinery through theory and hands-on training.
- To carry out the plan to update interactive courses used for training heavy machinery operators.
- To conduct training to issue and renew certifications by the International Maritime Organization (IMO) for our employees in Puerto Bolívar.
- To begin training operators with the simulator to lower fuel consumption in trucks.
- To continue with the Administrative Skills Development and Supervisory Leadership Program.
- To reinforce training aimed at addressing the generational turnover of our workforce in the coming years. ▀



TRAINING SESSIONS

337

were geared towards enhancing operational and technical skills.

100

were on operational integrity focusing on health, safety, and environmental issues.

26

were geared towards improving personnel effectiveness.

47

were functional courses specific to the technology of each area.

9

were on the development of managerial skills.

Engagement with our Workers

THERE ARE TWO TRADE UNIONS AT CERREJÓN (SINTRACERREJÓN AND SINTRACARBÓN) AND 4,068 EMPLOYEES ARE AFFILIATED TO THEM.

WE SUCCEEDED in signing a new Collective Bargaining Agreement with both trade unions in 2016 after negotiations based on dialogue and agreement between the parties. As a company, we made an enormous effort to maintain and increase our workers' benefits amidst a sustained fall in coal prices.

26.8% of the total items included in the Collective Bargaining Agreement with both trade unions are related to health and safety issues. 93% of our workforce is made up of men and 7% of women. Therefore, the percentage of affiliated, associated unaffiliated, and uncovered women is lower for both Collective Bargaining Agreements.



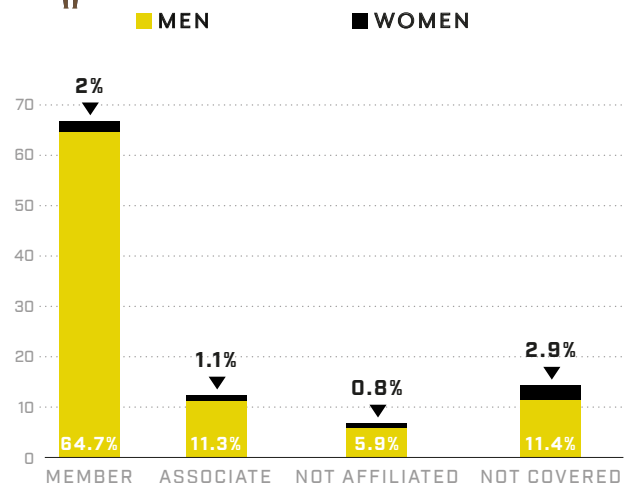


GRAPHS 43 AND 44

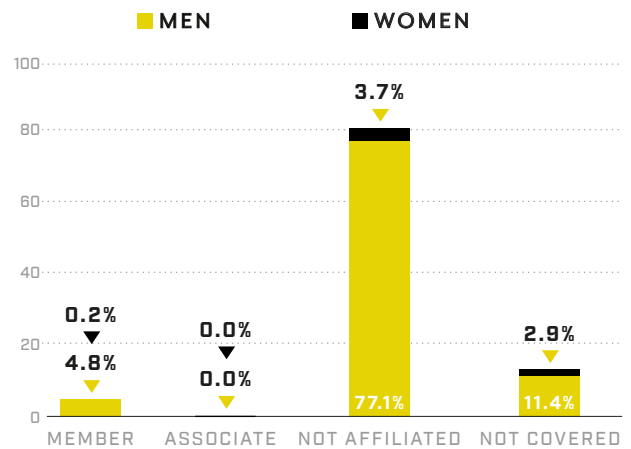
EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS




PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT WITH SINTRACARBÓN



PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT WITH SINTRACERREJÓN



OUR CHALLENGES

- To begin the collective bargaining process with Sintracarbón and Sintracerrejón by seeking an agreement that benefits workers and allows for the company's sustainability while constantly maintaining a work environment based on respect, dialogue, and compliance with the law. 

Responsible Management with Suppliers and Contractors



SUPPLIERS from different sectors participate in Cerrejón's supply chain, and they offer the supporting goods and services required by our operations. Therefore, we make sure they are all aligned with the principles of our business model and that they comply with our Policies and Conduct

Guidelines. The objective is to promote ethical, safe, and professional conduct with the highest standards amongst all individuals who directly or indirectly participate in our operation.

166 SUPPLIERS FROM LA GUAJIRA, AS WELL AS 1,114 DOMESTIC AND 295 INTERNATIONAL SUPPLIERS PARTICIPATED IN OUR SUPPLY CHAIN IN 2016.

TABLE 10

MAIN PURCHASING LINES AND SERVICES

	PURCHASES	CONTRACTS
In La Guajira	Hardware, wood products, zoning signage (safety), and handmade items, amongst others. Support for initiatives to manufacture parts from FRP (fibreglass-reinforced plastic) and repair the mining fleet's minor components with local companies.	Construction, transportation, roadway signage, industrial cleaning, topographic surveys, vehicle rentals, tool maintenance, agricultural and reforestation efforts, clearing undergrowth, operating agricultural equipment, psychological and social support, roadway wetting, maintenance of communications equipment, publicity agency, and training mining teams.
Domestic	Hardware, furnishings, tools, welding, chemicals, personal protection elements, uniforms, and gasoline for light vehicles.	Repair of equipment and components.
International	Supplies for the operation such as tyres, diesel for mining equipment, spare parts for equipment, tools, nitrate, and conveyor belts.	Consulting.

TABLE 11

PURCHASES AND CONTRACTED SERVICES

IN MILLIONS OF PESOS	PURCHASES	SUPPLIERS	CONTRACT	SUPPLIERS	TOTAL
LA GUAJIRA	\$8,294	30	\$36,639	136	\$44,933
DOMESTIC	\$269,674	541	\$702,780	573	\$972,454
INTERNATIONAL	\$1,193,217	262	\$40,278	33	\$1,233,495

WE ADD VALUE TO THEIR STRENGTHENING PROCESS

We started the Supplier Development Program in December of 2016 to promote economic and social development, strengthening La Guajira's business fabric, and increasing the volume of Cerrejón's contracting and purchases within the department.

This is a process for strengthening contractors and suppliers, based on an eight-month training program, so that they may achieve quality, efficiency, and competitiveness regarding the goods

and services provided, and generate high added value to our processes while they become part of the demand of products and services within the region.

We initially had the participation of 23 companies from Albania, Hatonuevo, Barrancas, Fonseca, San Juan del Cesar, Riohacha, and Uribia. These suppliers of different types of services within the region will strengthen their management, sales and marketing skills, and skills related to business development, financial management, administrative management, safety and protection, business model development, and access to markets

and sources of financing by the time they complete the program.

OUR CHALLENGES

- To continue adding suppliers to Cerrejón's value chain. We hope that contractors and suppliers will be able to successfully participate in the organization's tender processes. This will involve increased income for them, generate employment and, ultimately, improve the standard of living of members of these companies. ▣



OUR MINE CLOSURE PLAN

07



WITH OUR MINE CLOSURE PLAN (MCP), WE ARE COMMITTED TO PLANNING AND DEFINING THE ACTIONS REQUIRED TO GRADUALLY AND SYSTEMATICALLY IMPLEMENT THE MINE CLOSURE BY MEETING LEGAL REQUIREMENTS AND VOLUNTARILY FOLLOWING INTERNATIONAL PRACTICES, WITH THE PURPOSE OF CLOSING, PREVENTING, OR OFFSETTING SOCIAL AND ENVIRONMENTAL LIABILITIES DERIVING FROM OUR OPERATIONS.

COLOMBIA does not currently have a unique legislation or legal framework that regulates mine closure. Our legal requirements for closure are derived from mining operation contracts, the applicable Comprehensive Environmental Management Plan, and the environmental requirements defined by the National Environmental Permitting Authority (the ANLA, Resolution 263 of 2015). We have also adopted good practices from our shareholder, Anglo-American, to carry out and update the MCP.

In this regard, we follow a planning cycle for closing the mine in phases and carry out activities in stages based on the mine's useful life cycle, to finalize mining contracts. (See Graph 45 on page 96).

UPDATING THE CLOSURE PLAN

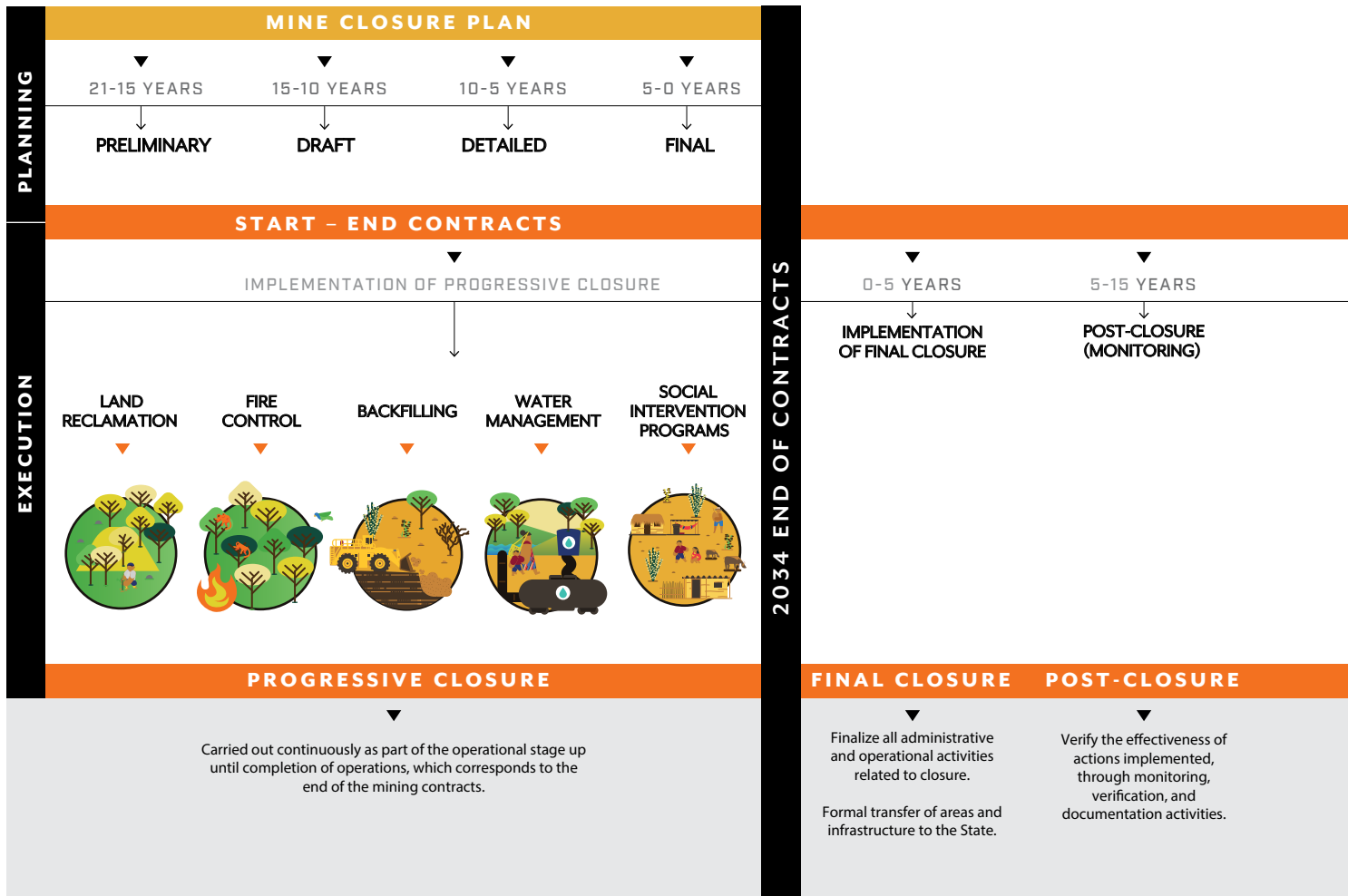
We updated our preliminary closure plan in 2016 with the participation of different company areas and an international consultant with recognized experience in the subject. This effort grouped the components vulnerable to closing, and defined the required activities in three areas:

- **Physical.** Infrastructure and facilities
- **Social.** Affected parties and stakeholders
- **Biological.** Fauna, flora, soil, and surface water

It also included a risk analysis for the closure and post-closure stages, as well as identification of the potential control measures to be implemented. These measures were included within the plans of action for mine closure.

GRAPH 45

MINE CLOSURE



OUR CHALLENGES

- To apply the recommendations and perform the closure activities proposed in the preliminary plan by including them in the operational plans.
- To annually update the long-term reclamation plan for areas disturbed based on the applicable long-term mining plan.
- To conduct studies and tests for long-term geotechnical stability in areas disturbed by mining.
- To prepare and implement an internal and external communications plan for the mine closure plan, including government entities, employees, contractors, and neighbouring communities.
- To carry out negotiation processes with the State and local authorities to define legal frameworks applicable to the mine closure plan. ■





08



GRI INDEX



GENERAL CONTENT / GRI STANDARD / OWN INDICATOR	PAGE/URL/DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE	GLOBAL PACT PRINCIPLES
ORGANIZATION PROFILE				
GRI 102 - 1 Name of organization	1			
GRI 102 - 2 The primary brands, products, and services in the organization	5			
GRI 102 - 3 Location of organization's headquarters.	1			
GRI 102 - 4 Location of all operation sites	1			
GRI 102 - 5 Describe the nature of ownership and legal form.	5			
GRI 102 - 6 The markets served	5			
GRI 102 - 7 Scale of the organization	14			
GRI 102 - 9 Supply chain	93			
GRI 102 - 10 Significant changes during the reporting period regarding the organization's supply chain.	1			
GRI 102 - 11 Precautionary principle	16			
GRI 102 - 12 Externally developed initiatives	14			
GRI 102 - 13 Associations to which the organization belongs	14			
STRATEGY				
GRI 102 - 14 Statement from the CEO	6-8			
ETHICS AND INTEGRITY				
GRI 102 - 16 Values, principles, standards, and norms of behaviour	19-20			10
GOVERNMENT				
GRI 102 - 18 Governance structure of the organization	13			10
PARTICIPATION OF STAKEHOLDERS				
GRI 102 - 40 List stakeholder groups engaged	17			
GRI 102 - 41 Collective Bargain	90-91			3
GRI 102 - 42 Basis for the selection of stakeholders	17			

GENERAL CONTENT / GRI STANDARD / OWN INDICATOR	PAGE/URL/DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE	GLOBAL PACT PRINCIPLES
PARTICIPATION OF STAKEHOLDERS				
GRI 102 - 43 Approach to stakeholder engagement	17			
GRI 102 - 44 Key topics and concerns that have been raised through stakeholder engagement	10-11			
REPORT PRACTICE				
GRI 102 - 45 Entities included in the organization's consolidated financial statements	The companies Carbones del Cerrejón Limited and Cerrejón Zona Norte S.A. do not consolidate their financial status.			
GRI 102 - 46 Report content and the Aspect Boundaries	9-11			
GRI 102 - 47 List all the material Aspects	11			
GRI 102 - 48 Restatements	1			
GRI 102 - 49 Significant changes from previous reporting periods	1			
GRI 102 - 50 Periodo de reporte	1			
GRI 102 - 51 Date of the latest Report	2015			
GRI 102 - 52 Cycle of the report	1			
GRI 102 - 53 Contact person for questions related to the report	1			
GRI 102 - 54 Declaration of compliance with the GRI standards	1			
GRI 102 - 55 GRI index	98-105			
GRI 102 - 56 External assurance	106-109			
WE OPERATE ETHICALLY AND WITH INTEGRITY				
GRI 205 - 1 Operations evaluated as having a risk of corruption	21		X	10

GENERAL CONTENT / GRI STANDARD / OWN INDICATOR	PAGE/URL/DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE	GLOBAL PACT PRINCIPLES
WE OPERATE ETHICALLY AND WITH INTEGRITY				
Our own indicator: Communications and training on anti-corruption policies and procedures	21			10
GRI 205 - 3 Confirmed incidents of corruption and actions taken	21		X	10
GENERATED AND DISTRIBUTED ECONOMIC VALUE				
Our own indicator: Economic value generated and distributed	14			
WATER USE AND ACCESS IN THE REGION				
GRI 103-1 a) 103-3 Management approach	26			
GRI 303 - 1 Water capture by source	30		X	7 y 8
GRI 303 - 2 Significant impacts on bodies of water due to withdrawals	29-30		X	
GRI 306 - 1 Discharges by quality and destination	30-31		X	7 y 8
GRI 306 - 5 Impacts on bodies of water due to discharges	30-31			7 y 8
BIODIVERSITY STEWARDSHIP AND CONSERVATION				
GRI 103-1 a) 103-3 Management approach	34			
GRI 304 - 1 Locations of operation itself, leased, managed, or adjacent to protected areas or areas of great biodiversity value outside of protected areas	35-36			7 y 8
GRI 304 - 2 Significant impacts of activities, goods and services on biodiversity	36-37		X	7 y 8
GRI 304 - 3 Habitats protected or restored	38-39		X	7 y 8
GRI 304 - 4 Species on the IUCN Red List and on national conservation lists with habitats in the operational areas	37			7 y 8

GENERAL CONTENT / GRI STANDARD / OWN INDICATOR	PAGE/URL/DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE	GLOBAL PACT PRINCIPLES
RESPONSIBLE AIR-QUALITY MANAGEMENT/CLIMATE MANAGEMENT				
GRI 103-1 al 103-3 Management approach	40			
Our own indicator: Emissions reduction and control initiatives	44-45			
GRI 305 - 7 NOx, SOx, and other significant air emissions	40-43		X	
INCREASED LOCAL WORKERS AND SUPPLY				
GRI 103-1 al 103-3 Management approach	73			
GRI 102 - 8 Information on employees and other workers	76		X	6
GRI 401 - 1 New employee hires and employee turnover	77-79	Does not include hiring rate of our contractors as that number is not managed by the company.	X	
STRENGTHENING SUPPLIERS AND CREATING PRODUCTIVE VALUE CHAINS IN THE REGION				
GRI 103-1 al 103-3 Management approach	92-93	Our challenge is to define management key performance indicators for this material aspect.		
RESPONSIBLE, TRANSPARENT MANAGEMENT WITH OUR WORKERS				
Our own indicator: Number of worker management programs	87			
404-1 Average annual training hours per employee	87			
403 - 4 Health and safety topics covered in formal agreements with trade unions	90			
SAFE, HEALTHY WORKING ENVIRONMENT				
GRI 103-1 al 103-3 Management approach	81			
GRI 403 - 1 Workers represented on health and safety committees.	83			
GRI 403 - 2 Type and rate of injuries, occupational diseases, lost days, absenteeism, and fatalities	84			

GENERAL CONTENT / GRI STANDARD / OWN INDICATOR	PAGE/URL/DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE	GLOBAL PACT PRINCIPLES
SAFE, HEALTHY WORKING ENVIRONMENT				
GRI 403 - 3 Employees with a high incidence and high risk of occupational diseases	84		X	
Our own indicator: Number of participants and percentage of adherence to Cerrejón in Motion program	85		X	
COMMITMENT TO HUMAN RIGHTS				
GRI 103-1 al 103-3 Management approach	47-49			
GRI 412 - 1 Operations subject to human rights review or assessment	47		X	
GRI 410 - 1 Security personnel who have received training on organization's human rights policies or procedures	49			1y2
Our own indicator: Supplier workforce audit	49			
Our own indicator: Number of complaints received, closed, and in course	50		X	
RESPECT FOR RIGHT TO PRIOR CONSULTATION OF ETHNIC COMMUNITIES				
GRI 103-1 al 103-3 Management approach	53-54			1y2
Our own indicator: Prior consultations held over course of year and main results	54			
ENGAGEMENT AND RESPECT FOR RIGHTS OF INDIGENOUS COMMUNITIES				
GRI 103-1 al 103-3 Management approach	53			1
GRI 411 - 1 Violation incidents involving the rights of indigenous peoples	54		X	
RESETTLEMENT AND POST-RESETTLEMENT				
Our own indicator: Status of resettlements and main results of post-resettlements	58-61		X	

GENERAL CONTENT / GRI STANDARD / OWN INDICATOR	PAGE/URL/DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE	GLOBAL PACT PRINCIPLES
IMPROVED QUALITY OF LIFE OF COMMUNITIES IN THE AREA OF INFLUENCE AND ENGAGEMENT WITH THE COMMUNITY OF LA GUAJIRA				
GRI 103-1 al 103-3 Management approach	63-64			
Our own indicator: Operations in which we have carried out programs with the community and engagement	68			1y2
MINE CLOSURE PLAN				
GRI 103-1 al 103-3 Management approach	95-97	Our challenge is to define management key performance indicators for this material aspect.		
COMPANY'S ROLE IN THE POST-CONFLICT PERIOD				
GRI 103-1 al 103-3 Management approach	70	Given that the Peace Agreement with the FARC was signed in December of 2016, the company does not yet have an indicator for managing this material topic. The chapter "The Value of Mining for La Guajira" presents our views on this issue.		



Independent Review Memorandum

INDEPENDENT VERIFICATION OF CERREJÓN 2016 SUSTAINABILITY REPORT.

Scope of our work

We have reviewed the adaptation of the contents of the 2016 Sustainability Report of Cerrejón to the Guide for the elaboration of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

Verification standards and processes

We conducted our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accounts (IFAC). Our review work consisted in formulating questions to the Directors and the various areas of Cerrejón who participated in the development of Sustainability Report 2016 and the application of certain analytical procedures and review testing sample described below:

- Interviews with staff members of Cerrejón to know the principles, systems and management approaches used to develop the report and calculate the indicators.
- Analysis of how, from the materiality exercise, the contents, structure and indicators of the report are defined, according to the methodology suggested by GRI Standard.
- Evaluation of the process to collect and validate the data presented in the report.
- Checking, by testing based on sample selection and review of evidence of quantitative and qualitative information corresponding to the GRI and Cerrejón internal indicators included in the Sustainability Report 2016 and proper compilation from the data supplied by the sources of information of Cerrejón and site visit to the field operation in La Guajira to review the information regarding the material topics related.

Confirmation that the 2016 Cerrejón Sustainability Report is prepared in accordance with the GRI standard in its Essential option "in accordance" with the Guide.

General disclosures

It was confirmed that the Report meets the requirements of the core option of the general aspects of the Standard version:

MATERIAL TOPICS	INTERNAL OR GRI DISCLOSURE
Raise of local workforce and supply	102-8. Information on employees and other workers
	401-1. New employee hires and employee turnover
Safe workplace	403-3. Workers with high incidence or high risk of diseases related to their occupation
	Internal. "Cerrejón en Movimiento"
Commitment to human rights	412-1. Operations that have been subject to human rights reviews or impact assessments
	Internal. Complains
Relationship and Respect for the Rights of Indigenous Communities	411-1. Incidents of violations involving rights of indigenous peoples
Access to water in the region	303-1. Water withdrawal by source
Efficient and responsible use of water in the operation	303-2. Water sources significantly affected by withdrawal of water
	306-1. Water discharge by quality and destination
	304-2. Significant impacts of activities, products, and services on biodiversity
Care and conservation of biodiversity	304-3. Habitats protected or restored
	Internal. Land Rehabilitation
Responsible management of air quality	305-7. Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
Mine Closure Plan	
Company's role in the post conflict	These issues did not have detailed verification when they were under construction, however, a review of the context and management approach that is being developed around each one was made
Respect for the right to prior consultation of ethnic communities	
OTHER TOPICS	INTERNAL OR GRI DISCLOSURE
Operations with ethics and integrity	205-1. Operations assessed for risks related to corruption
	205-3. Confirmed incidents of corruption and actions taken
Reasentamiento y post reasentamiento	Internal. Resettlement and post resettlement
Contribution to the national commitment to climate change	This issue did not have a detailed verification when it was under construction, however, a review of the context and management approach that is being developed around it, was made.

Conclusions

As a result of our review, there has been no evidence to suggest that Cerrejón's 2016 Sustainability Report contains significant errors or has not been prepared in accordance with the Global Reporting Initiative's Sustainability Reporting Guide, in its Essential option "in accordance" with the Guide.

* The topics of Strengthening suppliers, generation of productive chains in the region, improvements in the quality of life of communities in the area of influence and engagement with La Guajira community were not verified by Deloitte.

RESPONSIBILITIES OF THE MANAGEMENT OF CERREJÓN AND DELOITTE

The preparation of the Cerrejón 2016 Sustainability Report, as well as the content thereof, is the responsibility of the organization which is also responsible for defining, adapting and maintaining the internal management and control systems from which the information is obtained.

Our responsibility is to issue an independent report based on the procedures applied in our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any responsibility towards third parties other than the Company's Management.

We have performed our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

The scope of a limited review is substantially lower than that of an audit. Therefore, we do not provide audit opinion on the Integrated Report.

Main Comments & Recommendations vs. GRI and WBCSD Principles

SUSTAINABILITY CONTEXT/ MATERIALITY

General observations

It is important to highlight the appropriation and integration of sustainability issues as a strategic part of the company's management, which evidences the development and critical analysis of material issues and their measurement mechanisms.

Recommendations

It is suggested to maintain this good practice and strengthen management around the issue of climate change, in such a way that it can become a material issue for Cerrejón. It is also recommended to do the alignment and identification of the contribution to international initiatives such as the Sustainable Development Goals SDG, taking into account the global context associated with these issues.

TIMELINESS

General observations

Although the process of verification and publication of the report improved its timeliness in relation to the previous year, it is still evident that the report is being published in the last quarter of the year, losing its strategic value as a tool for decision-making regarding sustainability.

Recommendations

It is recommended to strengthen and optimize the publication times of the report, in such a way that it is used as a management and decision-making tool for senior executives and those responsible for the sustainability management of the organization.

COMMITMENTS AND GOALS

General observations

It is important to highlight that Cerrejón has identified the most important challenges that it faces around its material issues.

Recommendations

It is suggested to establish goals in the short, medium and long term around the management of their material matters, which allow to measure the performance and progress of the organization with respect to the management of sustainability and thus make an annual balance on goals reached or not and determine action plans.

ANNEX 1

DECLARATION OF INDEPENDENCE

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