

Sustainability Report

2017





SUSTAINABILITY REPORT

2017

STANDARD AND LEVEL OF COMPLIANCE

This report has been drafted according to the core option of the Global Reporting Initiative (GRI) standards.

CONSOLIDATION

Cerrejón's Corporate Affairs and Communications Division

EXTERNAL CONSULTANCY

PwC

EXTERNAL INDEPENDENT VERIFICATION

DELOITTE

DESIGN

TRiBU Estudio

FOR MORE INFORMATION ABOUT OUR SUSTAINABLE MANAGEMENT, PLEASE CONTACT:

<https://www.cerrejon.com/index.php/desarrollo-sostenible/?lang=en>

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1 | Who we are



Our Operations in La Guajira

Our integrated operation involves the exploration, extraction and transportation of coal, after which it is loaded on ships and exported. The operations comprise a mine producing approximately 30 million tonnes of coal per year, a 150 km-long railroad and a port in the Alta Guajira, where our product is shipped to diverse international destinations using a direct-loading system.

VISION
To be the leading coal producer and exporter globally, and to be a key partner for progress and sustainable development in La Guajira.

MISSION
To produce and export coal efficiently, reliably and cost-effectively while meeting the highest standards in safety, health, environment and corporate ethics, and also contributing to the progress of our people – our neighbouring communities and La Guajira.

La Guajira

Capital: Riohacha

Number of municipalities: 15

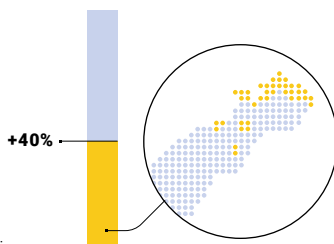
The department is characterized by mining due to the exploitation of natural resources such as salt, gas and coal. Mine and quarry activities represent 44% of the total GDP

POPULATION
2017

1,012,926 inhabitants

Source: Cámara de Comercio de La Guajira

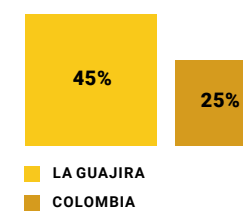
INDIGENOUS POPULATION



The indigenous communities are concentrated on the northern side of the municipality of Uribia and on the municipalities of Manaure and Maicao. The rancherías (where indigenous communities live) are homogeneously distributed in the Alta Guajira. (DANE)

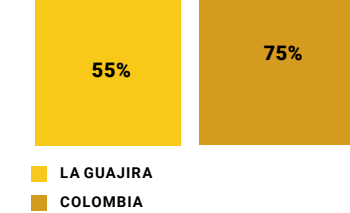
Multi-ethnic population:
Wayuu, Koguis, Wiwa, Arhuacos Kankuamos, Zenus, Ingas, mestizos, blancos, afrodescendientes y árabes.

RURAL POPULATION



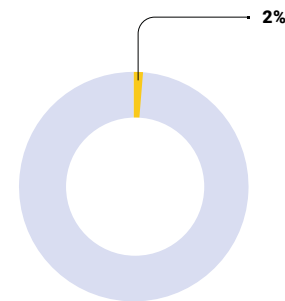
Source: DANE

URBAN POPULATION



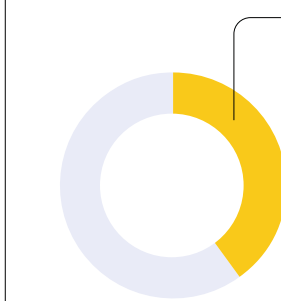
Source: DANE

MINE AND QUARRY ACTIVITIES IN NATIONAL GDP 2017



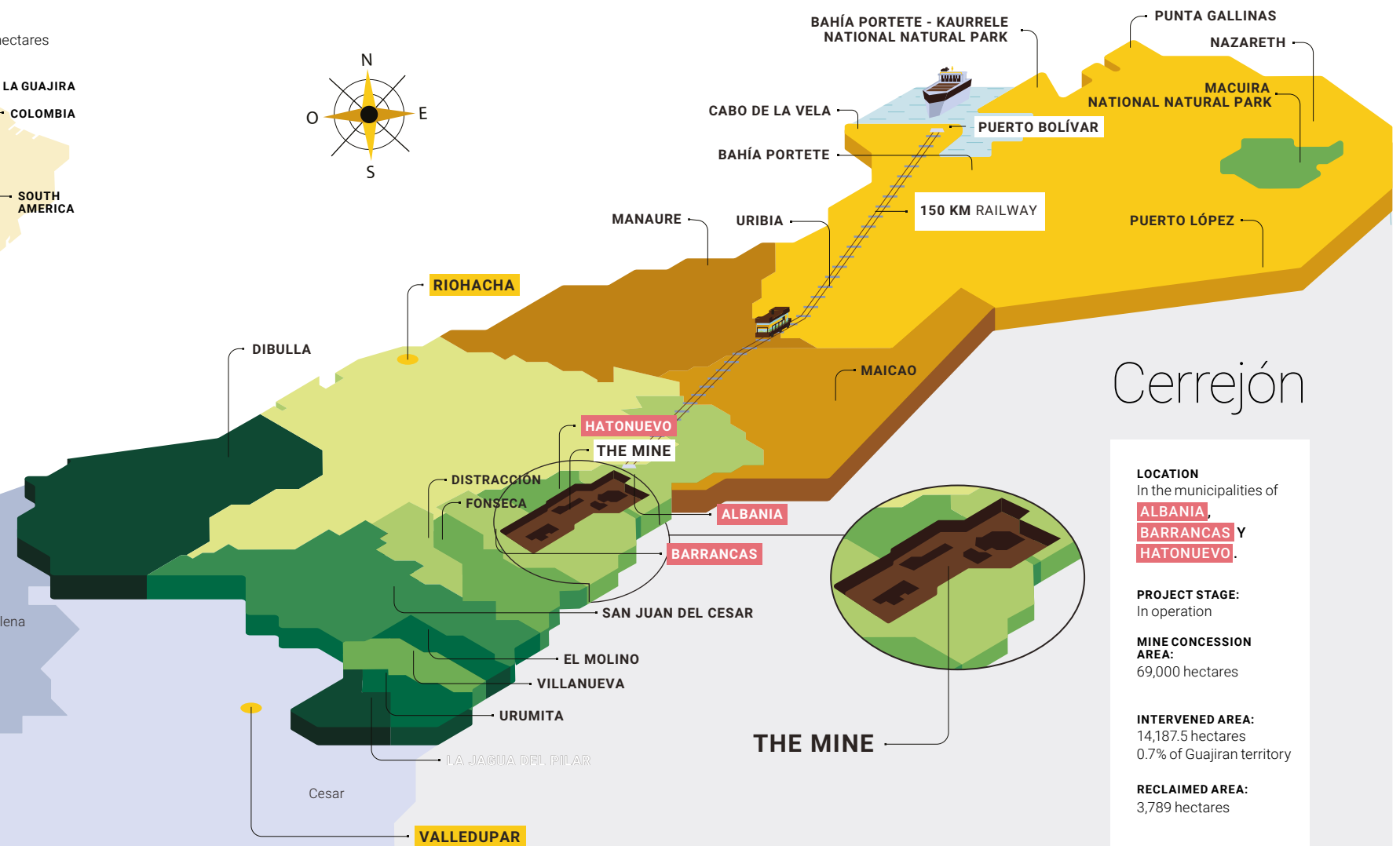
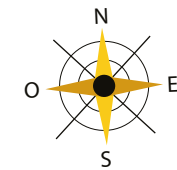
Source: Asociación Colombiana de Minería

MINE AND QUARRY ACTIVITIES IN LA GUAJIRA GDP (2017)



Source: DANE

LAND AREA:
2,084,800 hectares



Cerrejón

LOCATION
In the municipalities of **ALBANIA, BARRANCAS Y HATONUEVO.**

PROJECT STAGE:
In operation

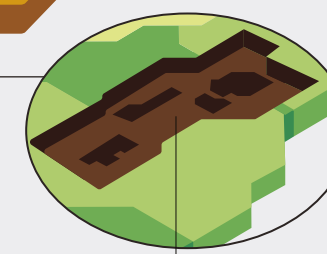
MINE CONCESSION AREA:
69,000 hectares

INTERVENED AREA:
14,187.5 hectares
0.7% of Guajiran territory

RECLAIMED AREA:
3,789 hectares

END OF MINE CONCESSION:
2034

THE MINE



Coal Production Process

We have an integrated operation: mine, railroad and port, aligned with the highest standards and following the best practices of the industry, which ensure a responsible activity for our workers, the neighboring communities and the environment.

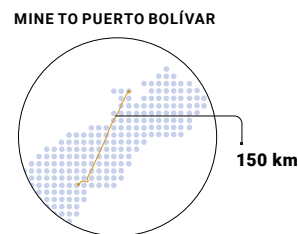
PROSPECTION
To discover zones with substantial coal deposits.

EXPLORATION
To determine the amount of resources, quality of the deposit and its mining potential.

WILDLIFE RESCUE AND RELOCATION
Inventory of species for rescue and relocation to suitable areas.

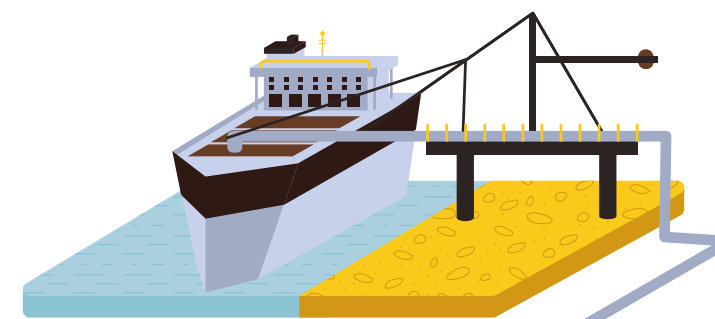
TOPSOIL REMOVAL
This is preserved in banks for subsequent use in land reclamation.

DRILLING AND BLASTING
Boreholes are drilled and emulsion is placed in them to fragment the overburden (rock).



REMOVAL OF OVERBURDEN
Done with mechanical shovels for loading on 240- and 320-tonne trucks. Deposited in dumps or backfill areas for the land reclamation process.

STACKING
Once the coal seams are uncovered, the material is mined. Front-end loaders and/or shovels load the coal onto 190-tonne trucks.



DIRECT-LOADING SYSTEM SINCE 1985
To load the coal into ship holds.

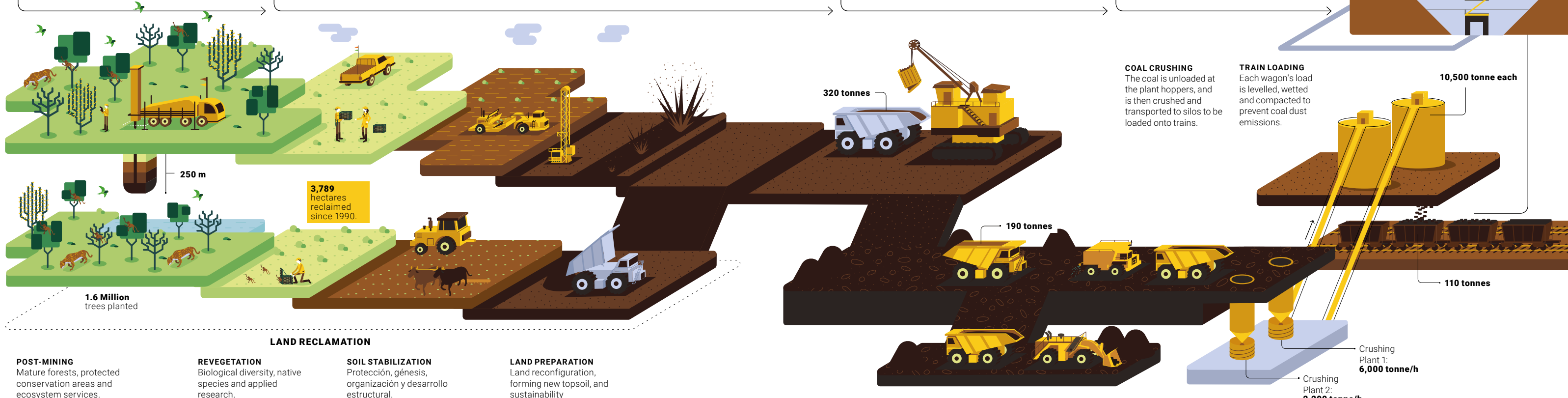
UNLOADING AT THE PORT
The coal is automatically unloaded and transported by conveyor belts to stock yards or directly onto ships.

1 INITIALLY

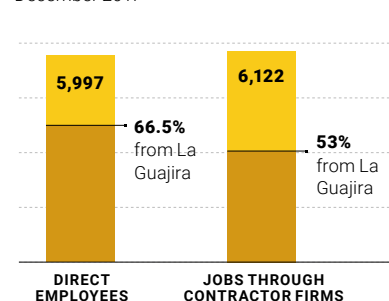
2 PRIOR TO MINING

3 MINING

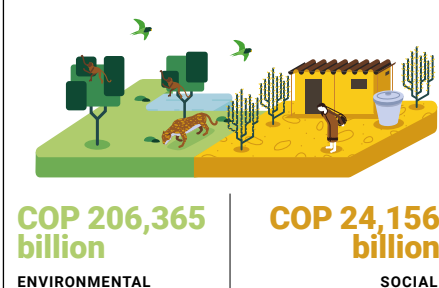
4 TRANSPORTATION



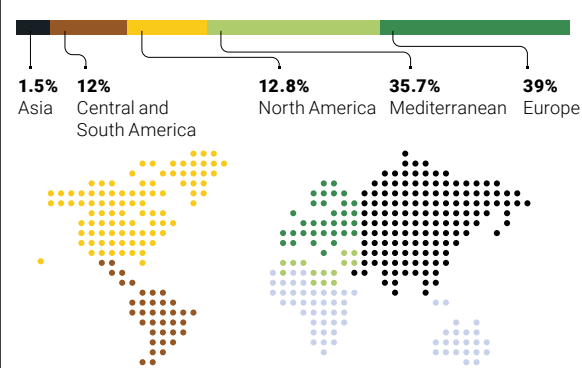
OUR PEOPLE



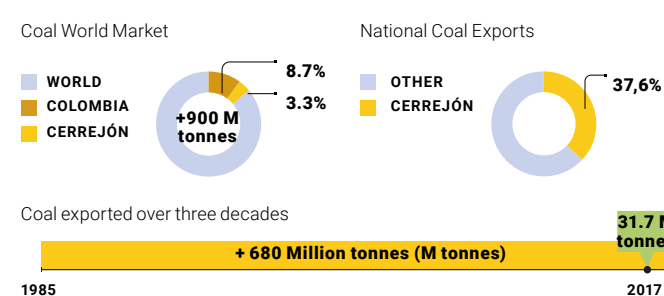
ENVIRONMENTAL INVESTMENT 2017



EXPORT DESTINATIONS



MARKET SHARE



Calculations by the CMC (Coal Marketing Company), the marketing agency for Cerrejón coal.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Operating revenue \$7,475,967,205	Shareholders \$1,482,391,200	Payments to national suppliers and contractors \$633,826,238
Non-operating revenue \$120,262,852	Payments to the State \$1,667,181,435	Payments to foreign suppliers and contractors \$2,138,538,496
Depreciation and amortization \$810,627,865	Payments to employees \$803,243,439	Private royalties paid to the owner of the mining resource \$60,421,384
Total economic value produced \$7,596,230,057	Total economic value distributed \$7,596,230,057	

Figures in thousands of pesos as of December 31, 2017, prepared following the International Financial Reporting Standards (IFRS). Our fiscal auditors are Deloitte & Touche.

Message from the CEO



Claudia Bejarano
CERREJÓN INTERIM CEO

It is an honour for me to have the opportunity to present our management accountability report, part of our commitment to principles of responsible operations, which includes prevention, mitigation and compensation of our impacts and support for the sustainable development of La Guajira. Our activities, and this report, are a manifestation of our commitment to the ten principles of the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, the core ILO conventions, the performance standards of the International Finance Corporation (IFC), the

Universal Declaration of Human Rights, the Extractive Industry Transparency Initiative (EITI) and the Voluntary Principles on Security and Human Rights.

The Sustainability Report represents accountability regarding the most relevant topics for our stakeholders and the company. It presents the impacts of Cerrejón's operations and our management measures, while documenting our history and transparently describing the challenges we have as an industry and the goals we have set for ourselves. This is in line with our commitment to be a company that responsibly manages its impacts, contributes to the

preservation of the indigenous culture of La Guajira, and provides for this region's development.

In this new edition, we describe how we have been contributing to the objectives of the Sustainable Development Goals (SDG). To this end, we conducted an analysis of our management based on "Mapping Mining to the Sustainable Development Goals," a publication of the World Economic Forum, the United Nations Development Programme (UNDP) and Columbia University. This process has allowed us to reflect on how we can contribute to achieving goals that are within our scope and responsibility, as well as to evaluate different

positions on the contribution of mining to development.

As the leader of the sustainability strategy and first woman to occupy the position of CEO of Cerrejón, I would like to highlight our priorities in the field of sustainability, equality and compliance with standards, and also introduce to our perspective on the biggest challenges facing the Colombian coal industry.

We propose having a safe operation that allows us to guarantee the integrity of the company's people and assets, to promote the development of La Guajira, and to ensure our social and environmental performance meets the highest standards in ethics and respect for employees, communities and the environment. Our goal is to attract, develop and protect the necessary human talent in a suitable work environment, to reinforce the continuous improvement of our operations according to performance standards, and to continuously optimize our processes in order to be one of the most competitive thermal coal operations worldwide.

Our actions diligently seek to identify, mitigate, prevent and, if necessary, compensate for the impacts caused by our operations, as well as to transparently engage with our stakeholders. Consequently, we have a robust Comprehensive Environmental Management Plan (CEMP) that includes more than 1,600 environmental and social obligations, and for which the National Environmental Licensing Authority (ANLA, its acronym in Spanish) carries out the respective monitoring and control. Compliance with mining regulations as well as the application of best

practices and industry standards are a cross-disciplinary commitment throughout our value chain.

In my more than 30 years as part of this company, I have witnessed the path we have undertaken in terms of sustainability in the face of requirements, regulations and public opinion, all of which are increasingly demanding with this industry. We have the challenge over the next few years to secure our standards, monitor the continuous improvement of our plans and to demonstrate our alignment with these practices.

In 2017, our coal production was 31.9 million tonnes and we exported 31.7. Both results were below target goals. This is mainly due to higher-than-expected rainfall, but is also

with the aim of continuing to contribute to the development objectives of La Guajira. Similarly, I would like to highlight the construction of a complete Biodiversity Offset Plan, submitted to the regional environmental authority, for the preservation of ecosystems.

Since we started our operation more than thirty years ago, we have implemented advanced practices in managing environmental impacts and cutting-edge technology in our operation. Faithful to this purpose, in 2017 we managed to reinforce our air-quality monitoring system through a real-time predictive system, which has allowed us to take preventive measures to avoid raising levels of particulate matter (dust) in

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because of the impossibility of accessing new mining areas. This year we are investing COP 24,156 billion in social programs and COP 206,365 billion in environmental management.

Throughout this report, you will find descriptions of the most important milestones we experienced in 2017, which include, among others: an historical record in terms of safety regarding our reportable injuries and the merger of our Foundations System to integrate the entire range of our human talent and learning

the air. Likewise, since 2008 we have had joint committees to verify our environmental management with communities, academia and regional entities. We know we still have a long way to go to reduce information asymmetries regarding these results, and to generate constructive and informed spaces that will lead to improvements and greater understanding of our operations. This will result in ongoing trust-building.

An important challenge in the short-term will be the feasibility of moving forward with the Cerrejón Mining Plan in the La Puente Pit. The Constitutional Court decided in 2017 to suspend progress of the operation in this pit to the natural channel of Bruno Creek until a technical study is conducted that offers a response to new uncertainties and questions raised by its Plenary Session, which

must be resolved through an Inter-Institutional Roundtable. The partial modification of the streambed of Bruno Creek was completed in 2017 on the last 5 km of its lower basin, on Cerrejón property, where there are no communities. This is a section of the stream that is seasonal and remains dry most of the year. The works were the subject of thorough studies and evaluations in order to

adequately manage their social and environmental impacts, including actions and compensations to ensure the preservation of the stream and its environmental services. Its review included participation by the 16 entities of the central government that formed an Inter-Institutional Roundtable in 2016. The national and international consultants who participated in its design and execution



Our operations are open to total transparency.

In 2017, we hosted 14,231 visitors.

incorporated numerous experiences of interventions on water bodies carried out on a global level. All information associated with this project is available on our web site.

Although we are proud that, in the last six years, our social and environmental programs have been recognized with 15 national and international awards, we are aware of the challenges we face as an industry in the midst of global discussions on adapting to climate change. At Cerrejón, we have identified one way to face this challenge – to open our operations to total transparency as a means of generating informed discussions. In 2017, we hosted 14,231 visitors, the vast majority tourists and students. In addition, we are working on various initiatives to contribute to the international debate on climate change and renewable

energies (World Coal Association and Coal Industry Advisory Board) and the strengthening of the trade association (Colombian Association of Mining). Our goal is to assist as facilitators and coordinators in the processes for social transformation.

Another major challenge will be to maintain an ongoing and constructive conversation with our stakeholders regarding the negative impacts of our operation and its management measures. This includes perceived impacts for which there is no scientific certainty or direct relationship with our activities. In 2017, we were notified of a ruling by the Constitutional Court that requires us to carry out a social, environmental and cultural compensation plan. This plan must include consultation with communities directly affected by our operations. At Cerrejón, we see this

consultation space as an opportunity to strengthen engagement with our stakeholders through ongoing, constructive dialogue within the framework of their traditions and customs.

We will also continue to promote equality as a fundamental value, having seen significant progress in an industry that has traditionally been male-dominated. Changes in recent years have seen acceptance and promotion of the role of women within our operation. It should be noted that, in 2017, we set some specific goals to promote diversity in the recruitment process in order to include a larger number of women, indigenous people and staff from neighbouring communities. Towards this end, we changed the policy for equal opportunities to incorporate the component of equality.

Finally, I would like to mention that, given the importance of mining in La Guajira and the fact that it is a business that will eventually complete its cycle (with the current contracts scheduled to terminate in 2034), we continue to move forward with the Mine Closure Plan. This includes coordinating actions to promote increased employment and local procurement, the strengthening of institutional and community capacities, the search for solutions associated with watershed protection, access to drinking water and the development of high-impact projects that promote other economic activities in partnership with the government, the private sector, civil society and communities.

2 | About this report



On the drafting of this report

This is our 13th uninterrupted year of sustainability reports (hereinafter, IS 2017 or Report), which we have been drafting yearly since 2005 to disclose the economic, social and environmental performance of our operations. This report has been drafted in accordance with the Global Reporting Initiative (GRI) standards, core option. It is drafted by Cerrejón's Corporate Affairs and Communications Division with the support of PwC and assurance by Deloitte, following revised international standard ISAE 3000.

▶ SEE PAGE 98 OF THE QUALITY ASSURANCE REPORT. OUR LATEST REPORT YEAR WAS 2016.

We hereby present the performance and information on

All reports issued by Cerrejón are available at www.cerrejon.com

Carbones del Cerrejón Limited, a 100% privately owned foreign partnership domiciled in Anguilla, British Western Indies, and Cerrejón Zona Norte S.A., a 100% privately owned Colombian limited liability company

with its main domicile in Bogotá (both hereinafter Cerrejón), during the January 1 to December 31, 2017 period.

When the formula or calculation base of an indicator has had to be modified vis-à-vis data reported in previous reports, as well as adding significant changes that have taken place during the period analysed as regards the size, structure, ownership interest or company supply chain, the corresponding explanation has been included in each section.

As part of the ongoing dialogues undertaken with our stakeholders to draft the materiality analysis, a survey was applied in regards to the perception to our 2016 report, to which we received 65 responses. Its 109-page length was considered to be adequate (71%); its presentation and design were deemed to be agreeable (92%), and its general evaluation was positive in comparison to other reports (88%). Likewise, upon consulting about material topics, the respondents considered that the information was clear and easy to understand (78%). However, its structure was deemed to be a point to be improved upon (60%) since the content was not easy to find (61%), some

considered that the information was not sufficient and useful (58%), and challenges could not easily be found (64%). These recommendations were incorporated into this new edition.

As part of a continuous enhancement process, a peer review was conducted for the first time, spearheaded by the Colombian Corporate Council for Sustainable Development (Consejo Empresarial Colombiano para el Desarrollo Sostenible or Cecodes, its acronym in Spanish) to analyse and obtain feedback from two benchmark sustainability companies in regard to our report and consolidation process. This session was of great value for the drafting of the 2017 report.



Materiality Analysis

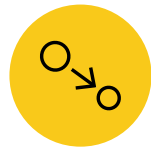
Our materiality analysis was carried out for the purposes of identifying the value-adding operational items that were relevant for our shareholders in the short-, medium- and

long-term within the framework of the perception of risk and impact (in social, environmental and economic terms), the context of sustainability and the completeness principle.

IDENTIFICATION OF MATERIAL ISSUES



PRIORITIZATION



VALIDATION



- In order to define the material issues, 17 external information sources were consulted, including the National Mining Development Plan for Horizonte up to 2025 of the Energy Mining Planning Unit (UPME, its initials in Spanish), the sustainability reports of our shareholder companies (Anglo American, BHP and Glencore), the sustainability yearbooks from RobecoSAM, the 2016–2017 La Guajira Development Plans and the Dow Jones and FTSE4Good indices, among others.

- Based on this analysis, the 18 most relevant aspects were defined and later prioritized during two specific dialogue sessions for this report in La Guajira and Bogotá, including 81 representatives from indigenous communities, employees, suppliers, the

- Finally, in order to draft this report we aligned our material issues with the company's strategic guidelines and validated

- Additionally, we analysed news reported about the company in the news media and social media, the corporate risk matrix, the study on human rights impacts and risks, and the topics discussed as part of relating to employees, suppliers, contractors, NGO representatives, foreign governments and clients. The full list of external sources can be consulted in the digital attachment to this Report.

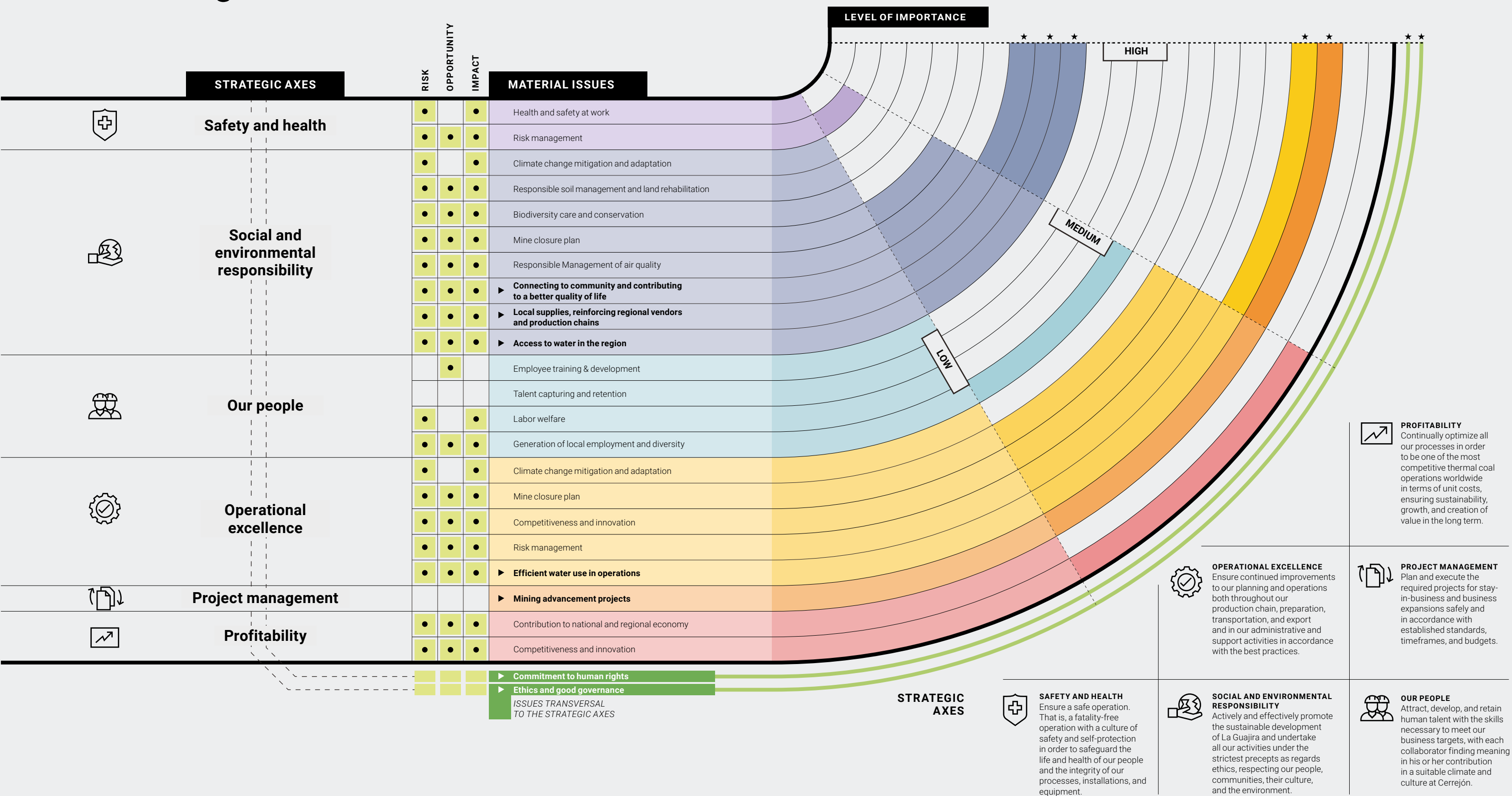
media, authorities, academia, government reps, journalists and NGOs. One hundred and fifty-five online surveys were also conducted to prioritize the issues, and the issues with the highest importance were selected.

prioritized material issues through a workshop with the top people responsible in each area and people reporting to the company.



Material issues aligned to our strategic axes

Level of importance: obtained from the exercise of prioritization of material issues between Cerrejón and its stakeholders, in accordance with the economic, environmental and social impacts.





Alignment with Sustainable Development Goals (SDGs)

Through the National Planning Department (DNP; its initials in Spanish), the Colombian government issued a document by the National Council on Economic and Social Policies (CONPES, its acronym in Spanish) in March 2018, the purpose of which was to generate a strategy for the implementation of SDGs in Colombia. Although it is a

public policy document, it declares the importance of the private sector in materializing this agenda up to 2030. In this regard, as per the commitment to sustainable development in La Guajira and nationwide, we have commenced analysing our contributions to this endeavour. In regard to the SDGs, our basis was the Atlas on Mapping Mining, which identifies five goals that must be

prioritized in mining as they represent the highest direct impact. This exercise was reinforced by analysing the SDG Selector, a PwC tool that uses more than 200 data sources to rate the performance of countries against each SDG based on surveys sent to company leaders asking what represents an impact or an opportunity for their business.

Additionally, the guidelines used were based on a document prepared by the Global Compact, the Global Reporting Initiative (GRI), and PwC (An Analysis of the Goals and Targets), which presents a proposal to align specific SDG goals to the GRI standard and other performance indicators issued by the World Bank and the UN Global Compact.

SDGS PRIORITIZED IN THE MINING SECTOR



1. NO POVERTY



2. ZERO HUNGER



3. GOOD HEALTH AND WELL-BEING



4. QUALITY EDUCATION



5. GENDER EQUALITY



10. REDUCED INEQUALITIES



11. SUSTAINABLE CITIES AND COMMUNITIES



12. RESPONSIBLE PRODUCTION AND CONSUMPTION



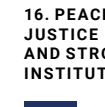
13. CLIMATE ACTION



14. LIFE BELOW WATER



16. PEACE, JUSTICE AND STRONG INSTITUTIONS



17. PARTNERSHIPS FOR THE GOALS

6



CLEAN WATER AND SANITATION



7



AFFORDABLE AND CLEAN ENERGY



8



DECENT WORK AND ECONOMIC GROWTH



9



INDUSTRY, INNOVATION AND INFRASTRUCTURE



15



LIFE ON LAND



3 | Engagement, ethics and risks



Engagement with stakeholders

At Cerrejón, we understand stakeholders to be people or groups that are, or could be, directly or indirectly impacted by our operations or the programs we undertake. We therefore prioritize dialogue as the best channel to get to know our interlocutors, as well as the various

sectors and groups interested in our engagement. This helps us to understand their perceptions, expectations and interests, and to discuss our engagement. It is our main goal to establish permanent, transparent, constructive, informed and significant dialogue with our stakeholders through various mechanisms.

▶ SEE NEXT PAGE FOR DETAILS

Ethics and Good Governance

According to Transparency International, the global fight against corruption is one of the main hindrances to attaining sustainable development, especially in Latin America. Colombia is no exception to this since it is in the ninety-sixth position out of one hundred and eighty nations in that agency's Corruption Perception Index, and no improvements have been made in the past four years. There is also a similar challenge in La Guajira, according to the 2015–2016 Departmental Transparency Index.

The foregoing is coupled with increased empowerment of civil

society to demand more transparency and access to information, and with the recent induction of Colombia into the Organization for Economic Cooperation and Development (OECD). This situation implies an improvement in the various dimensions of corporate standards, putting us in a challenging position for the implementation of our corporate governance model, the application of behaviour policies and guidelines, and our anti-corruption engagement.

Corporate governance

At Cerrejón, we have a work framework that has been agreed upon

with our shareholders (Anglo American, BHP and Glencore) to engage in transparent, ethical operations that avoid the materialization of identified risks and reflects the importance we give to how our business results are achieved.

To that end, we have a Delegation of Authority Guide (DOAG) and a Policies and Conduct Guidelines Manual, which set out our working guidelines. These guidelines make it possible to increase controls associated with corporate risks, losses due to irregular acts or any type of violation of rules and laws, both national and international.

The Manual includes 19 policies that are mandatory for our workers,

Engagement with stakeholders

Mechanisms

	ACADEMIA	COMMUNITIES	GOVERNMENT AND AUTHORITIES	UNION AND COMPANIES	VENDORS AND CONTRACTORS	LABOUR UNIONS	THE MEDIA AND OPINION LEADERS	CLIENTS	NGOs	EMPLOYEES
Engagement meetings (continual)	■	■	■	■	■	■	■	■	■	■
Fora and events (as programmed)	■	■	■	■	■	■	■	■	■	■
Visits	■	■	■	■	■	■	■	■	■	■
Answering information requests or consultations (continual)	■	■	■	■	■	■	■	■	■	■
Complaints Office (permanent)	■	■	■	■	■	■	■	■	■	■
Partnerships	■	■	■	■	■				■	
Studies or investigations on our operations	■	■				■	■		■	■
Reports on the status of the Independent Review Panel (bi-annual)			■					■	■	
Air Quality Oversight Committee	■	■	■							
Dialogue roundtables on safety impacts (on an as-needed basis)		■	■		■					
Community service office (permanent)		■								
Yearly roundtable								■		
Meeting of CEO Communications (bi-annual)										■
Proximity plan (dialogue sessions amongst executives and the entire operations)										■
Hotline reporting channels (permanent)										■
La Guajira Regional Competitiveness and Innovation Commission			■							
Private Competitiveness Council			■							
Meetings and boards of directors (as required)				■						
Regional journalism contest (annual)							■			
Workshops/diploma studies for journalists (on an as-needed basis)			■				■			
CEO's accountability to journalists							■			
Meeting with contractors (every two years)					■					
Collective bargaining convention follow-up committees						■				

contractors and third parties with whom we interact. It includes work guidelines regarding ethics and corruption prevention, customer relations and product quality, conflict of interests, communications, political activities, management control and fraud control, human rights, social responsibility at work, more job opportunities for members of communities in the area of influence, risk management, safety, health, environment, and communities, systems security, use of drugs and alcohol, travel expenses, management positions and combatting money laundering and the financing of terrorism. The Equal Opportunities Policy was updated in 2017 to incorporate equity.

▶ FOR FURTHER INFORMATION, GO TO WWW.CERREJON.COM

By means of lectures and courses for employees, contractors and business associates, the Internal Control area has a policy of permanent disclosure regarding policies and lessons learned. An example of this is our professional employees' certification every two years and the orientation courses, after the holiday season, for qualified technical personnel (operators, technicians, assistants, secretaries and clerks).

754 employees were trained in policies in 2017

The following committees follow-up on the adoption, implementation and monitoring of policies, guidelines and programs.

Committees	
SHAREHOLDERS COMMITTEE	Approves corporate strategy and the budget, and evaluates company performance.
AUDIT AND FINANCIAL COMMITTEE	Deals with issues related to controls and external and internal audits, and reviews financial aspects.
INTERNAL CONTROL COMMITTEE	Evaluates deviations from the Behaviour Policies and Guidelines and approves sanctions if required.
MANAGEMENT DEVELOPMENT COMMITTEE (MDC)	Evaluates human management issues, such as changes in the organizational structure, the establishment of new programs and policies, and makes decisions regarding personnel, performance, talent development, compensation, work and occupational health.
OPERATIONAL INTEGRITY COMMITTEE	Follows-up and evaluates management and results of operational integrity.
SOCIAL INVESTMENT COMMITTEE	Reviews and approves the programs and projects associated with impact management and social investment of the company.
MANAGEMENT COMMITTEE (MC)	Approves required cases in accordance with the Delegation of Authority Guide (DOAG), mainly associated with purchases and contracts.
RISK COMMITTEE	Reviews the catalogue of material risks and the controls designed for their management. Informs on new material risks identified or on updates to catalogue risk assessment.
CEO'S COMMITTEE	Deals with topics that require the direction and decision of senior management.
STRATEGIC COMMITTEE FOR SAFETY, HEALTH, ENVIRONMENT AND COMMUNITIES (SCSHEC)	Strategically deals with security, health, environment and community aspects of Cerrejón.

Reporting Channels

Internal Control management is responsible for managing any claims, conducting the necessary investigations and ensuring that the required actions are taken in case of deviations from policies and behaviour guidelines.

We have the following complaints channels so that any employee, contractor or third party can anonymously or confidentially report any possible deviations from the policies.

Ethics Line served by Navex Global
(Independent third party)
From Colombia: 01-800-911-0011
Extension: 844-287-1872

Website
www.eticaerrejoncm.com
ethicspoint.com

Internal Control Management
1. Outside of Cerrejón
(57-1) 595-2777
(57-5) 350-2777
2. From Cerrejón - Extension 2777
3. Email:
controlinterno@cerrejon.com

We received 52 complaints during 2017, 50 were investigated and resolved in the same year and the remaining 2 are under analysis. **There were no incidents of corruption during the year.**

Prevention of corruption and conflicts of interest

At Cerrejón we promote a culture of zero tolerance for corruption and, to that end, we have implemented a program for its prevention and to prevent transnational bribery, money laundering and terrorist financing. Our organization, at all levels, is aware and committed to the prevention of these crimes, and we have established procedures to ensure this objective.

A fundamental mechanism for prevention is due diligence, which consists in a set of steps and measures designed to investigate in advance the third parties with whom we interact. Therefore, we request information from the third party, consult restrictive lists, and analyse possible conflicts of interest in order to ensure that any transaction is aligned with our policy of zero tolerance for corruption and the Risk Management System for Money Laundering and Financing of Terrorism (SARLAFT, its initials in Spanish).

100% of Cerrejón's transactions with third parties underwent due diligence.

In 2017 **1,908** due diligences were carried out. **822** of them were considered high risk and were analysed by the Compliance Office.

Total due diligence	
Procurement and Contracts	1,198
Donations and Social Investment Projects	336
Objects/Items of Value Offered	180
Personnel Selection	194
TOTAL	1,908

Due diligence reviewed by the Compliance Office	
Procurement and Contracts	238
Donations and Social Investment Projects	210
Objects/Items of Value Offered	180
Personnel Selection	194
TOTAL	822

The effectiveness of our anti-corruption and SARLAFT programs depends on the commitment of employees, suppliers and contractors. We have therefore implemented a training plan to remind, update and strengthen knowledge on corruption prevention, transnational bribery, money laundering and terrorist financing.

The sessions for employees included face-to-face workshops in which we reviewed concepts, discussed practical cases and analysed essential aspects of the due diligence procedure. For the certification process of employees who work in positions that could have greater exposure to these risks, we have an online course and a qualification exam that must be taken every two years.

Regarding suppliers and contractor companies, we conducted training in Bogotá and Barranquilla, at which we again highlighted commitments to comply with the Ethics Policy, the Guidelines for the Prevention of Corruption and SARLAFT.

The training plan was completed, with a greater number of invited attendees than expected.

▶ SEE THE NEXT TABLE

Our programs have been evolving and spreading to all areas of the company since 2013, and we can now say that they have reached a degree of maturity that is reflected in our organizational culture and the results seen in the audits.

Anti-Corruption Training Plan and SARLAFT (# of people)	
Employees (personal attendance)	213
Third parties (personal attendance)	171
Employees taking online courses	38
TOTAL	422



REGULATIONS		ACTIONS TAKEN BY CERREJÓN
	2013	<ul style="list-style-type: none"> ▶ Publication of the Guidelines for the Prevention of Corruption as an integral part of the Ethics Policy. ▶ Awareness-raising sessions on the risk of corruption for senior managers and employees in sensitive positions.
<ul style="list-style-type: none"> ▶ External Circular 100-005 of the Superintendence of Companies. SARLAFT and mandatory report to the Financial Analysis and Information Unit of the Ministry of Finance (UIAF). 	2014	<ul style="list-style-type: none"> ▶ Designation of a Compliance Officer. ▶ Anticorruption commitment of senior management. ▶ Risk analysis and identification of sensitive areas. ▶ Design of due diligence procedures. ▶ Communications to suppliers and contractors on the obligation to comply with the Anticorruption Guidelines. ▶ training and certification in anti-corruption for employees in sensitive positions. ▶ Policies design SARLAFT.
	2015	<ul style="list-style-type: none"> ▶ Systematization of the due diligence process. ▶ Application of due diligence to the process of personnel selection and sale of surpluses. ▶ Implementation of SARLAFT in all areas. ▶ Training in anti-corruption and SARLAFT.
<ul style="list-style-type: none"> ▶ Law 1778. Provisions to combat corruption. ▶ Resolution 100-002657. Obligation to implement business ethics programs in companies. ▶ Circular 100-03 of the Superintendence of Companies - Guide on Business Ethics Programs. ▶ Circular 100-006. Basic Legal Circular of the Superintendence of Companies - Chapter X. 	2016	<ul style="list-style-type: none"> ▶ Design and implementation of due diligence monitoring. ▶ Continuous training in corruption prevention and SARLAFT. ▶ Recertification in anti-corruption of employees in key positions.
	2017	<ul style="list-style-type: none"> ▶ Anticorruption Program Update in accordance with the new regulations on transnational bribery. ▶ Design of segmentation methodology in SARLAFT. ▶ Continuous training in corruption prevention, transnational bribery and SARLAFT.

CHALLENGES AND OPPORTUNITIES



We must ensure that our employees understand that it is everyone's responsibility to get to know those with whom we establish business relationships and, therefore, that they must be increasingly careful and aware of the risks and serious consequences associated with bribery, corruption, financing of terrorism and money laundering.

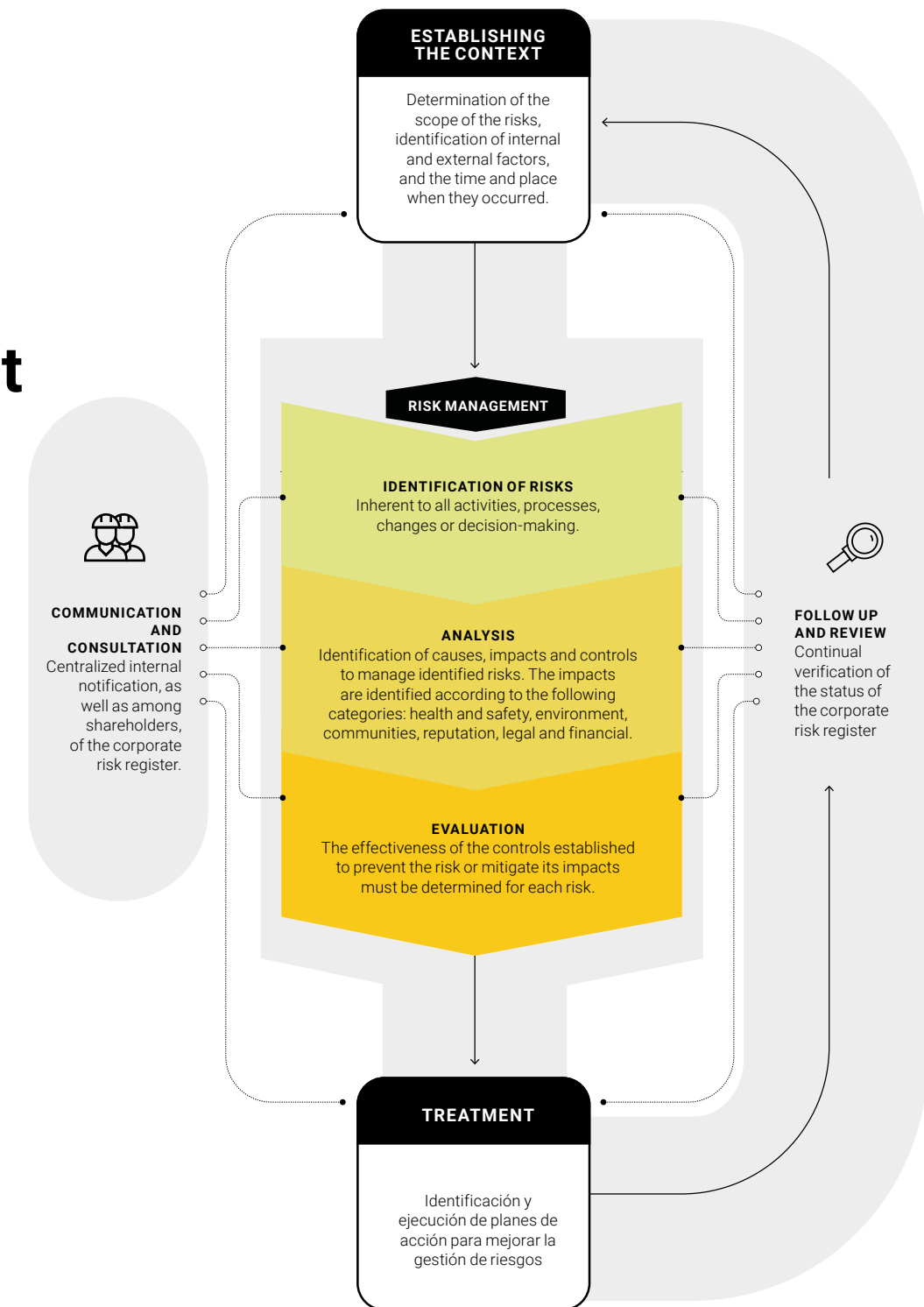
We must explore the possibilities of establishing links with national and international initiatives that aim to combat these crimes in order to share our model and harvest new ideas to constantly update our programs and make them even more efficient.

We must constantly innovate our methods, contents and tools to transmit the message of prevention, increasing training for employees and third parties who are business associates.

We must identify opportunities for improvement in the timeliness and simplicity of due diligence processes, maintaining their effectiveness.

Risk management

Cerrejón has a risk management policy that demonstrates our commitment to systematic risk management. Cerrejón's risk management process has been developed following the standards defined in ISO 31000, and is based on the identification, analysis, evaluation and addressing of risks by each company area in order to characterize them according to the impact they would generate if they occurred.





We take the precautionary principle as a reference to avoid taking risks in our operation that could cause irreversible damage to our stakeholders or to the environment if they occur, even if we do not have scientific certainty of it.

Senior management is responsible for compliance with the Risk Management Policy.

Cerrejón has established the assessment of compliance with the associated controls in order to ensure the effectiveness of risk management. This is how we know the effectiveness and timeliness of the actions established to prevent and mitigate risks. Action plans are established.

112 people at the company were trained in risk management and the use of the tools that support the process.

Our **stakeholders** must be kept informed of the status of the corporate risk register.

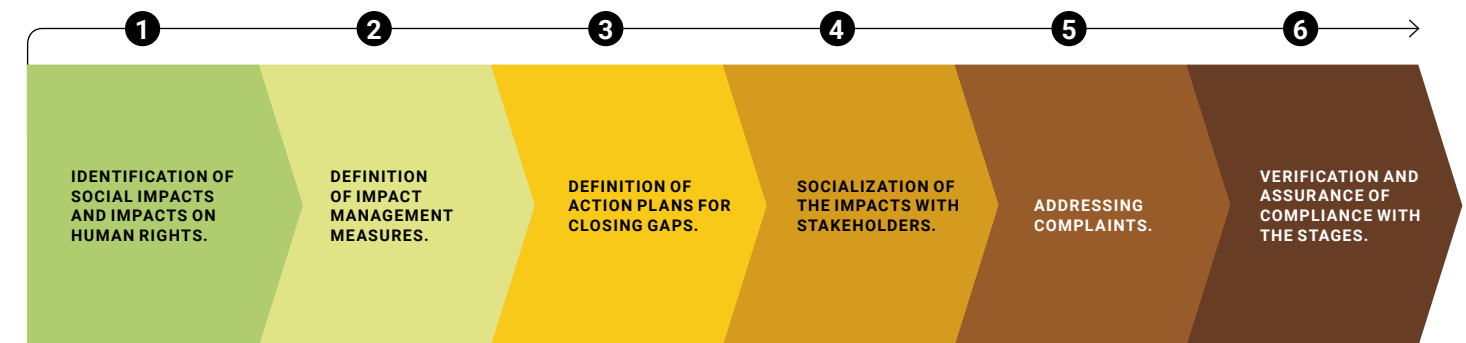
To that end, they receive an updated risk report every four months that includes: assessment of the risk according to the probability of occurrence and impacts, the main events related to the risks, and whether the existing risk is tolerable for the regular running of the operation.

Management of Impacts on Human Rights

We have adopted different standards to carry out our operation responsibly, respecting the people who are part of our chain of value, the communities neighbouring our operations and the environment.

We have corporate policies, which include our Policy on Human Rights (pursuant to Colombian regulations), the Universal Declaration of Human Rights and international standards adopted by the company: the United Nations Guiding Principles on Business and Human Rights, the ten principles of the Global Compact, the Voluntary Principles on Security and Human Rights, Performance Standards No. 1, 5 and 7 of the International Finance Corporation (IFC) and the basic conventions of the ILO.

Due Diligence Process in Human Rights



Study of Risks and Impacts on Human Rights

An impact on human rights is conceived as a favourable or unfavourable effect on the exercise or enjoyment of human rights as a result of business activity. For us, it is essential to recognize the actual, potential and perceived impacts of our operations on stakeholders, including impacts on human rights, to establish timely and relevant measures and thus prevent, mitigate and, when necessary, compensate them.

In accordance with our process of due diligence, we carried out this second study in 2016, prepared by the consulting firm TRUST. This study covered 100% of our integrated operation (Mine, Railroad and Puerto Bolívar Port). We show the main results and the methodology used below.

ABOUT THE STUDY

- Approximately 50 interviews were conducted with representatives of communities

in our area of direct influence (ADI), departmental and municipal governments, academic sector, research centres and civil organizations in the municipalities of Riohacha, Albania, Barrancas, Hatonuevo, Maicao and Uribia.

- 350 interviews with our own employees.
- 1 focus group with the participation of 11 Cerrejón contractors.

2017 Risk Categories						
	COLLISION	EXPLOSION	INTEGRITY OF OUR ASSETS	REPUTATION	ENVIRONMENTAL PERMITS	LOSS OF COMPETITIVENESS
RISK EVENT	Collision between vehicles, with the train, with people and animals, or aircraft.	Unexpected detonation of explosives inside or outside the area of influence.	Failure of the stacker/reclaimer in Puerto Bolívar.	Tutela actions and popular actions, cases of fraud or corruption by employees or third parties, breach of laws and regulations or violations of human rights.	Violation of environmental regulations.	Establishment of new regulations, and volatility of the price of coal.

POSITIVE IMPACTS

1. Payment of royalties.
2. Institutional strengthening: citizen participation and social oversight of the investment of royalties, support for the modernization of public administration, and education in public administration.
3. Building infrastructure: construction and facilitation of the mobility of neighbouring communities, allowing them access to goods and services.
4. Improvement in the levels of education of stakeholders through the Educational Excellence Fund, scholarships and educational aid, and the creation of TecnoGuajira.
5. Access to drinking water for the Wayuu communities through water supply, sanitation and hygiene solutions; comprehensive management of water sources, and the use of the railway line for water distribution and supply.

VERIFIED IMPACTS

These are the adverse effects that have been generated, or continue to be generated, and of which there is certainty of the causality between the impact and an activity at Cerrejón. The study found seven impacts, and we list below the ones identified as being of high magnitude.

1. Visual changes in the ADI territory of Cerrejón (impact on landscape).

We have created visual changes in the territory of the area of



direct influence, both at the mine and on the railway line.

We are aware of this situation, and are committed to recovering the affected areas in order to restore their fauna and flora so that these lands may be used for agricultural activities or environmental conservation within a reasonable timeframe.

MANAGEMENT MEASURES

- Rehabilitation of 3,789 hectares, preservation of more than 48 million m3 of land, and the sowing of more than 1.6 million trees of 40 native species since 1990..
- Operation of the Wildlife Refuge Centre, which receives

between 1,200 and 1,800 animals annually.

2. Impact on the tranquillity of the Cerrejón ADI communities

The emission of particles, noise and generation of bad odours caused by our operations have affected the right to tranquillity. The causes of these discomforts are within maximum allowable levels, and scientific studies have ruled out their effect on health. However, we have implemented a series of measures to mitigate them.

MANAGEMENT MEASURES

- We use high-flow sprinklers in the piles of extracted material.

- Revisamos el uso del pito diurno y nocturno del tren.
- We use water-addition systems at the carbon conveyor belt transfer sites.
- We assign crews to control the spontaneous combustion of coal seams.
- Usamos aspersores y monitores de aire para evitar la difusión de partículas por vías áreas.
- We use sprinklers and air monitors to prevent the diffusion of particles through the air.
- We stack the coal so that we avoid its dispersion by wind.
- We constantly wet down the roadways to avoid raising dust.

It is important to note that the water used in these measures is low quality and is not suitable for human or animal consumption, or for the irrigation of crops.

SEE MORE DETAILS IN THE CHAPTER "MANAGEMENT OF ENVIRONMENTAL IMPACTS,"

PERCEIVED IMPACTS

They do not have a proven causal relationship with Cerrejón's activity, and refer to the sensation and perception of the communities. Despite not having a direct cause, at Cerrejón we are committed to addressing such perceptions that concern communities in order to strengthen the bonds of trust and generate mutual benefits between populations and the company. The study found three impacts, and we list below

the ones identified as being of high magnitude.

1. Perception of effects on the health of the communities within Cerrejón's area of influence

This refers to the health effects attributed to environmental pollution by the emission of particulate material from coal, generated by extraction and transportation operations. This impact, for the communities, is based on the visible presence of this material.

MANAGEMENT MEASURES

- Implementation of a monitoring system that measures total suspended particles and particles with a potential impact on the community and human health.
- Monitoring stations that measure emissions to control and keep them below accepted parameters.
- About 60% of investments in environmental performance are allocated to air-quality control.
- Corpoguajira has done air-quality measurements, and the results have been below the maximum allowable limits.

2. Perception of restrictions on the use or exploitation of water resources

One of the main concerns of communities is what they see as the excessive use of water

on the part of Cerrejón. This is amplified if we take into account the general scarcity that characterizes living conditions in La Guajira.

MANAGEMENT MEASURES

- 91% of the water used in our operations is industrial, unfit for human or animal consumption or for crop irrigation.
 - We use our train to supply drinking water to 92 neighbouring communities (8,100 people) with 89,000 litres per week.
 - We designed a desalination prototype following Wayuu traditions and customs for the treatment of 100 litres of water per day.
- SEE MORE MANAGEMENT MEASURES IN THE SECTION "WATER IN MINING ACTIVITY."

In December 2017, as part of this study we carried out two socialization exercises with communities in the vicinity of the railroad, one of them held at the Cerrejón Foundation Farm with about 40 members and leaders of indigenous communities who belong to the Association of Indigenous Authorities of the South of La Guajira (Aiwa). A second session was held in the Akuaipa boarding school, with more than 100 indigenous people and authorities from Wayuu communities located near the mine.

- Both exercises used the methodology of Coffee Conversation,

which creates collaborative dialogue networks around matters that are important in real-life situations in order to generate ideas, agreements, and creative, innovative courses of action in an agreeable, friendly atmosphere. The conversation addressed the most relevant aspects of the Wayuu culture and the way in which we can jointly contribute to preserving their traditional values and customs.

To address the impacts and risks found in the independent study, we implemented a plan of action with specific activities to prevent and mitigate the impacts. This plan has defined managers, a schedule and regular monitoring.

In the context of Cerrejón's human rights policy and the implementation of the Voluntary Principles on Security and Human Rights standard, five roundtables were held in 2017 with the communities of the 4 de Noviembre, Yamain, Orroco, Jiiséntirra and Media Luna in Puerto Bolívar with the participation of those responsible for the public and private security plan that protects the communities, people and infrastructure of Cerrejón.

These dialogues have allowed us to improve our comprehensive understanding of the risks, both to us and to the communities, through a better understanding of the surrounding conditions. At the same time, the roundtables have allowed us to align communities, civil authorities, security forces, companies and private surveillance around common objectives. These include strengthening security conditions in the area of influence and

ensuring that the company's security management is in line with the commitments made in terms of the Voluntary Principles standard and corporate human rights policy.

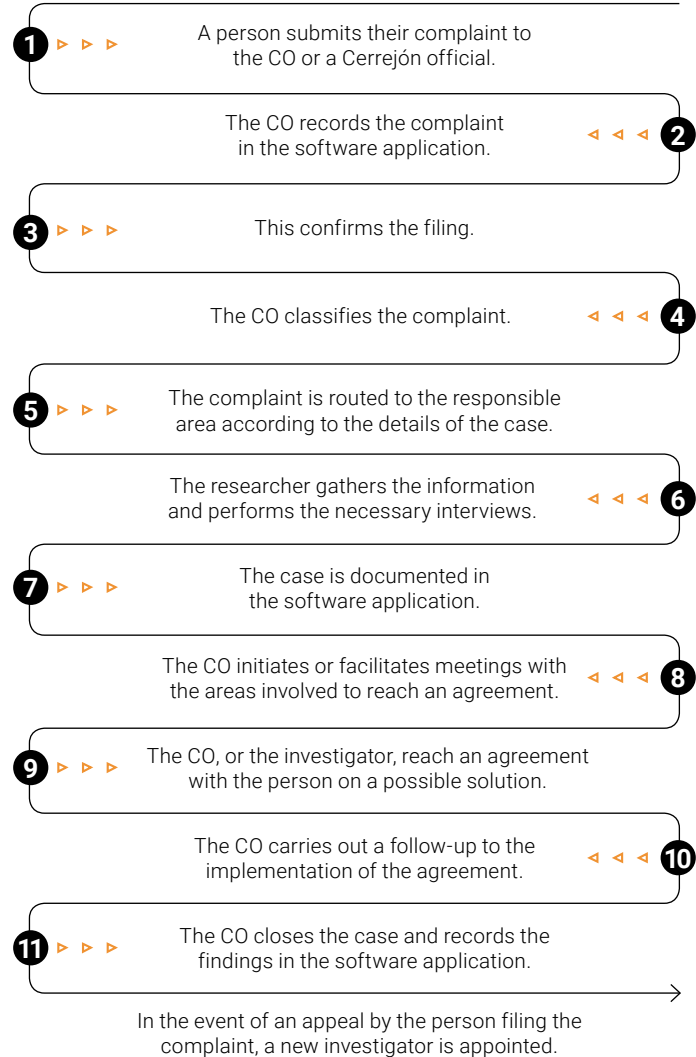
Complaints Office

Since 2010, we have had a Complaints Office (CO) designed under the framework of the UN Guiding Principles on Business and Human Rights. This office is responsible for

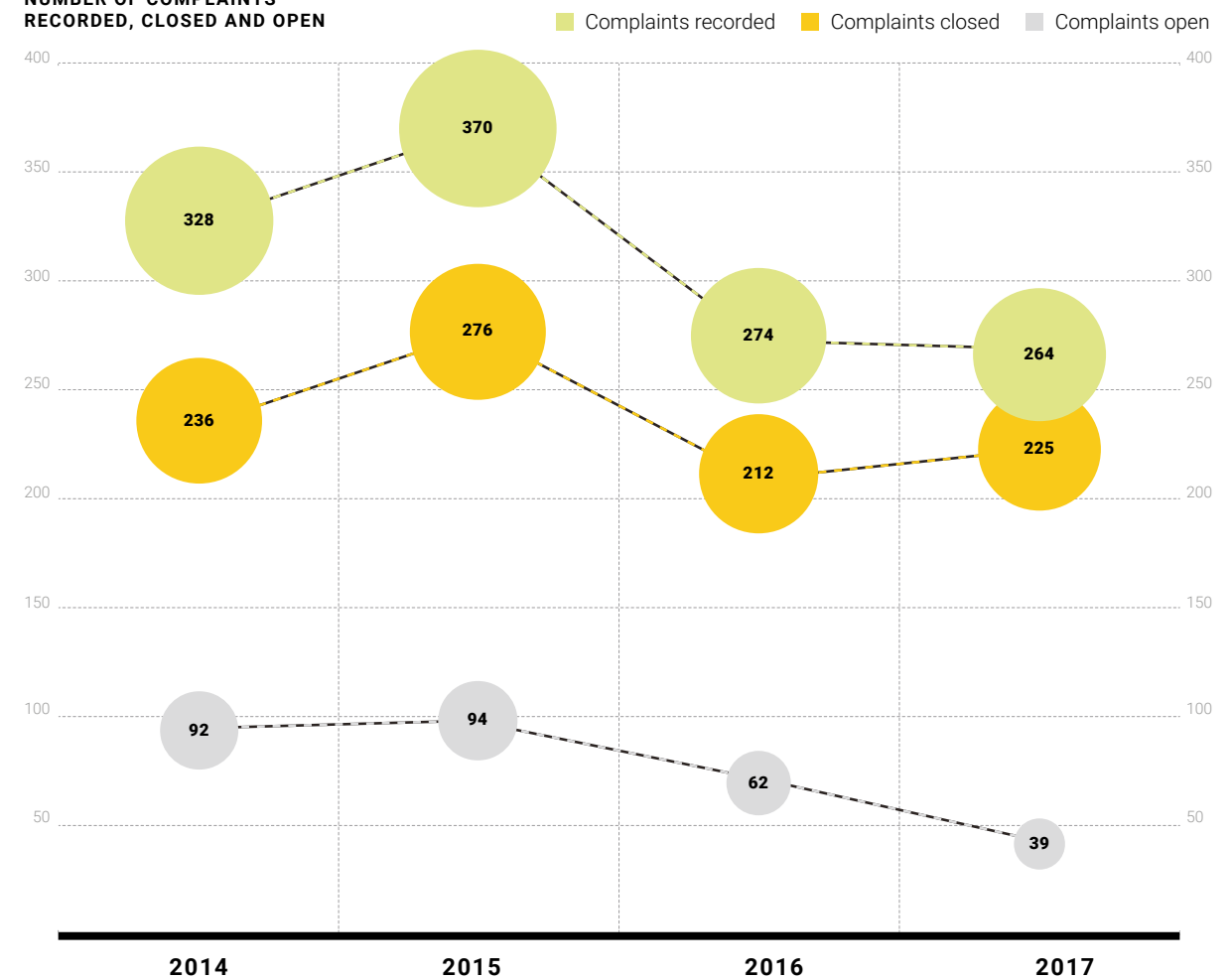
receiving, investigating, arranging solutions, monitoring and closing the cases filed by our stakeholders in relation to possible impacts generated by the operations that could have an impact on human rights.

The Complaints Office seeks to fulfil the principles defined for these types of mechanisms, which are guided by the remediation pillar: to be legitimate, accessible, predictable, equitable, compatible, transparent,

HOW DOES IT WORK? PROCESS OF THE COMPLAINTS OFFICE (CO)



NUMBER OF COMPLAINTS RECORDED, CLOSED AND OPEN



dialogue-based and a source of continuous learning. In addition, at Cerrejón we apply three other guidelines in our complaints service model: that it be proportional, culturally appropriate and offer adequate protection to those involved.

Managing complaints

In 2017, there were 264 complaints filed with our office, of which 93.5% were related to impacts on communities, the main one relating to animals being run over by the train that hauls coal to Puerto Bolívar. There were 213 cases reported due

to this type of impact by the operations, representing 81% of the total number of complaints.

To prevent these incidents, we continue to work with members of the communities in the vicinity of the rail line, who want to install fences bordering the railway tracks to enable landowners and livestock herders to open gates for the monitored transit of animals.

Within the process established in the Complaints Office, gathering information is carried out jointly with the complainant, seeking to understand the event presented and its possible

effects, as well as their expectations. If the investigation corroborates an impact caused by the operation, the process continues with the complainant to find a solution and reach an agreement between the parties.

For those cases where it is not possible to reach an understanding on the impact and the expectations of a solution on the part of the claimants, the Complaints Office has a resource for hiring independent experts, whose knowledge and experience can contribute to resolving the claim. These experts can formulate recommendations and measures for their management

(prevent, mitigate or compensate, as the case may be).

Complaints about rights of indigenous communities

In these cases, we have identified incidents related to indigenous rights because they involve their identity, traditions, customs, territory and culture.

In 2017, we reported 264 cases, of which 248 corresponded to events that affected members of indigenous communities. The majority of the claims (213 cases) correspond to animals being run over on the railway tracks.

In relation to the previous year, almost the same trend is noted due to the fact that the measures to prevent these incidents have not been sufficiently effective. A solution requires

actions by both the company and the community.

Measures to prevent potential impacts on Human Rights

In order to deepen our commitment to addressing social impacts and risks to stakeholders who are or may be impacted by the operation, we have various tools. These include social standards adopted publicly by the company's internal policies on human rights and communities, social and human rights clauses in contracts, training for employees and contractors (including public security forces and private security staff), communication tools to raise awareness, and the promotion of knowledge on human rights by means of clear messages for all levels of the operations.

EMPLOYEES

- We provided human rights training to 525 new employees during their induction on our policy, fundamental rights, constitutional actions, social standards and remediation mechanisms.
- We adopted a plan of awareness-raising and training on human rights for employees and contractors.
- We provide internal communication pieces to promote an understanding of the role of businesses regarding human rights, using a variety of means that include radio programmes through our trunking radio system (which can be tuned into in the operations vehicles), posters and online material.

SECURITY PERSONNEL

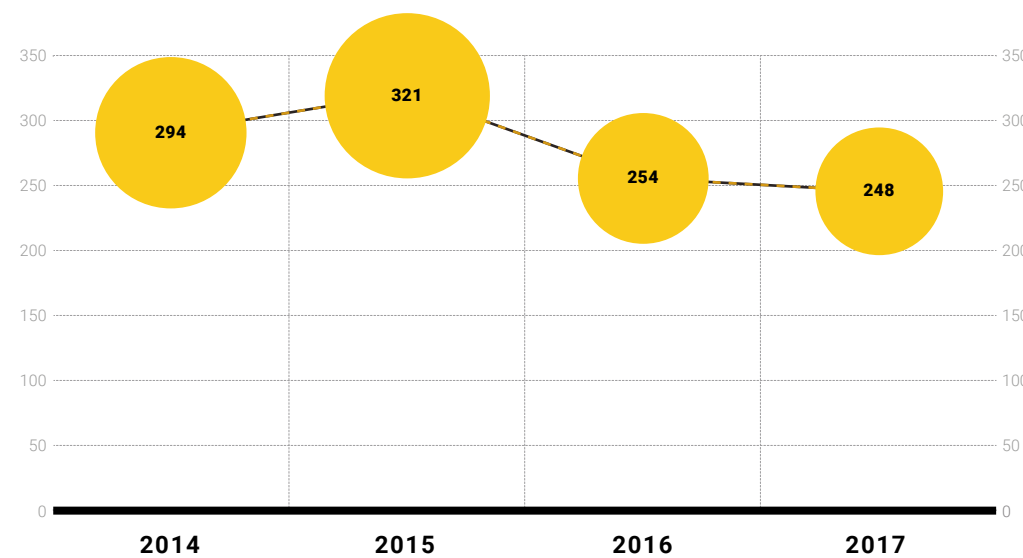
- We include Annex E-Voluntary Principles and Human Rights in 100% of the contracts in force/signed for the provision of private security services in order to ensure their commitment to compliance with the Voluntary Principles on Security and Human Rights; the Cerrejón Human Rights Policy; respect for the human rights of vulnerable people or groups; respect for the traditions, customs and cultures of indigenous communities; respect for the rights of freedom of association and labour; and the elimination of child labour, among others.
- We trained 818 members of the private security personnel and 4,239 of the public security forces on issues of human rights, the Voluntary Principles, and Wayuu traditions and customs. To ensure adequate coverage, we took into account the rotation of this staff and adjust the methodology in accordance with the educational level of security personnel.
- We held five roundtables with indigenous communities with the participation of the private security companies that provide us with security services and the public security forces that operate in the area. The goal was to strengthen engagement, get feedback on the public and private security services, and

learn about risk situations that should be addressed.


SUPPLIERS AND CONTRACTOR COMPANIES

- We include Appendix D Health, Safety, Environment and Communities Requirements in 100% of our contracts with contractors and suppliers for any amount greater than USD 40,000. The appendix requires them to make a commitment to meet our safety, health, environment and communities requirements, as well as Cerrejón's Human Rights and Social Labour Responsibility policies.
- We evaluate Standard SA 8000 (labour management and occupational health and safety) compliance with 100% of the contractors and suppliers who engage in a financial operation with the company through submission of an online questionnaire.
- We conduct random audits of 22 companies, making up 5% of all contracts currently in effect with a value greater than USD 80,000. It is more critical on the labour level with these contracts to review aspects like the prohibition of child and forced labour, guaranteeing freedom of association and collective negotiation, eliminating discrimination and implementing disciplinary measures, working hours and payment.

COMPLAINTS ASSOCIATED WITH THE RIGHTS OF INDIGENOUS COMMUNITIES 2014-2017



CHALLENGES AND OPPORTUNITIES



Due Diligence in HR

- Socialize the Risks and Impacts in Human Rights Study with groups of employees and authorities in the area of influence of our mining operations.
- Strengthen the monitoring of the human rights plan of action.
- Finish the review of risks and impacts identified compared with those defined in the corporate system to ensure there are sufficient measures and controls in place to avoid human rights violations.
- Strengthen the bi-directional risk assessment in the Voluntary Principles on Security and Human Rights by developing an interactive methodology of risk analysis.
- Strengthen the roundtables with stakeholders on safety issues.
- Reinforce the analysis of human rights risks in the Cerrejón value chain in order to design specialized measures for contractors and support them in implementing and aligning them with what the company requires.

Complaints Office

- Prepare and start the process of conducting surveys about the Complaints Office, directed at individuals who brought claims for impacts by the mining operation. The purpose is to evaluate the process and efficiency of the measures adopted by the company to manage and handle those impacts (including compensation).
- Move forward with actions aimed at improving the process of responding to complaints, focusing efforts on developing a functional system that includes technological tools to make recording information about the different activities easier.

Human Rights Training

- Strengthen the training tools in Human Rights for employees and contractor companies in the next two years, along various lines differentiated by level of risk.

4 | Employment, diversity and supply chain



DECENT JOBS AND ECONOMIC GROWTH
GOALS: 2 / 6

According to the International Labour Organization (ILO), the global unemployment rate stabilized after increasing in 2016. The 2017 rate is calculated as 5.6 percent, with the total number of unemployed exceeding 192 million. According to its report "World Employment and Social Impact: Trends 2018," the vulnerable employment figure is increasing while the rate of reduction in the number of working poor is decreasing. In 2017, approximately 1.40 billion workers held vulnerable jobs, particularly women in developing countries (82%) compared to men in emerging countries (72%).

In Cerrejón's case, our employees have been considered the company's most valuable resource from the beginning of our mining operations. Consequently, we focus on promoting their health and safety, strengthening their abilities, and creating a work environment that promotes fairness and equal opportunity. In our hiring, we favour local and regional applicants, including fairness and diversity criteria. Along the same lines, we promote responsible leadership concerning risk management at all management and supervisory levels. In 2017, we continued strengthening the five cultural attributes essential to the company, which reflect what we want and require to carry out our operations.

- 1. We create value**
We look after Cerrejón's resources as if they were our own and propose and carry out ideas to achieve the best possible results in all company areas for the purpose of doing better and achieving maximum productivity.
- 2. Capable of change**
We are always evolving and adapting to the specific circumstances of the company, region and country in order to overcome challenges and be sustainable.
- 3. Flexible and simple**
We make our processes easier, make decisions, and act to reach higher levels and achieve better results.
- 4. Empowered**
We own our results, trust in others and work as a team.
- 5. Awareness of self-protection**
We are committed to watching out for our safety and health, promoting a balanced work and personal life.

Creating jobs

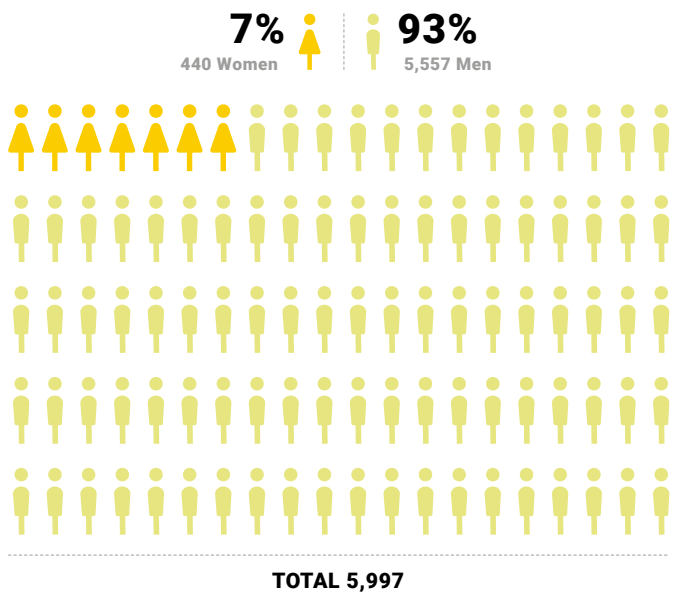
There are 5,997 people working at Cerrejón. Sixty-six percent of us come from La Guajira, and we are working to make our operation safe, be responsible towards the natural environment surrounding us, and to do our jobs in a healthy, productive work environment. Over the years, we have implemented various initiatives to stimulate women's roles in mining activities. We have a constructive relationship with our unionized employees, promoting different training activities to expand their abilities and implementing a system to ensure the health and safety of our workers. We share with our contractor firms the responsibility with our environment and with our workers, and we are challenged with continuing to strengthen these actions throughout our value chain.

We create 5,997 direct jobs at Cerrejón (78% of indefinite length and 22% fixed-term) and hire the services of more than 6,100 people through our contractor companies. We are aware of the importance of promoting fairness and equal opportunities in our organization. That is why 68% of our employees are natives of La Guajira, and starting in 2017 we established a policy and annual goals seeking to increase the proportion of women, indigenous people and residents of neighbouring communities.

EMPLOYEES BY REGION

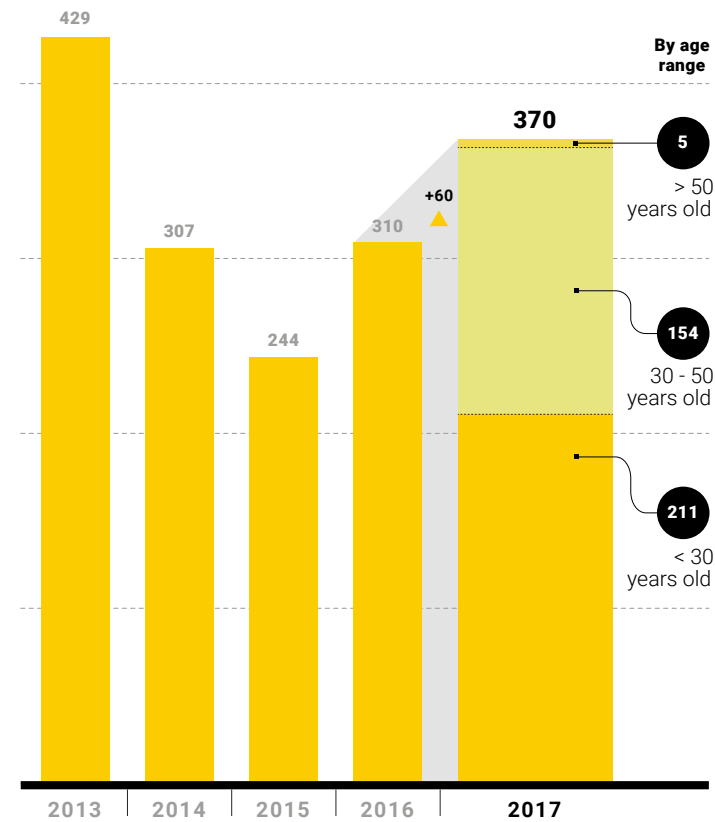


OUR PERSONNEL BY GENDER



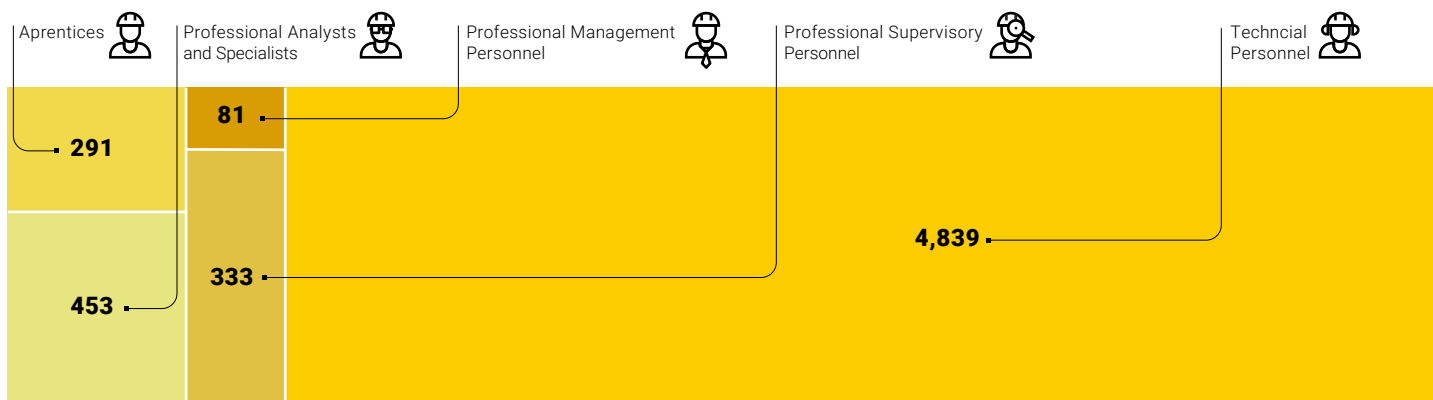
HIRING

We hired 370* workers in 2017 (61 women and 309 men), 20% more than the year before. They come from: La Guajira - **250** persons
Coastal Region - **97** persons
Rest of Colombia - **23** persons

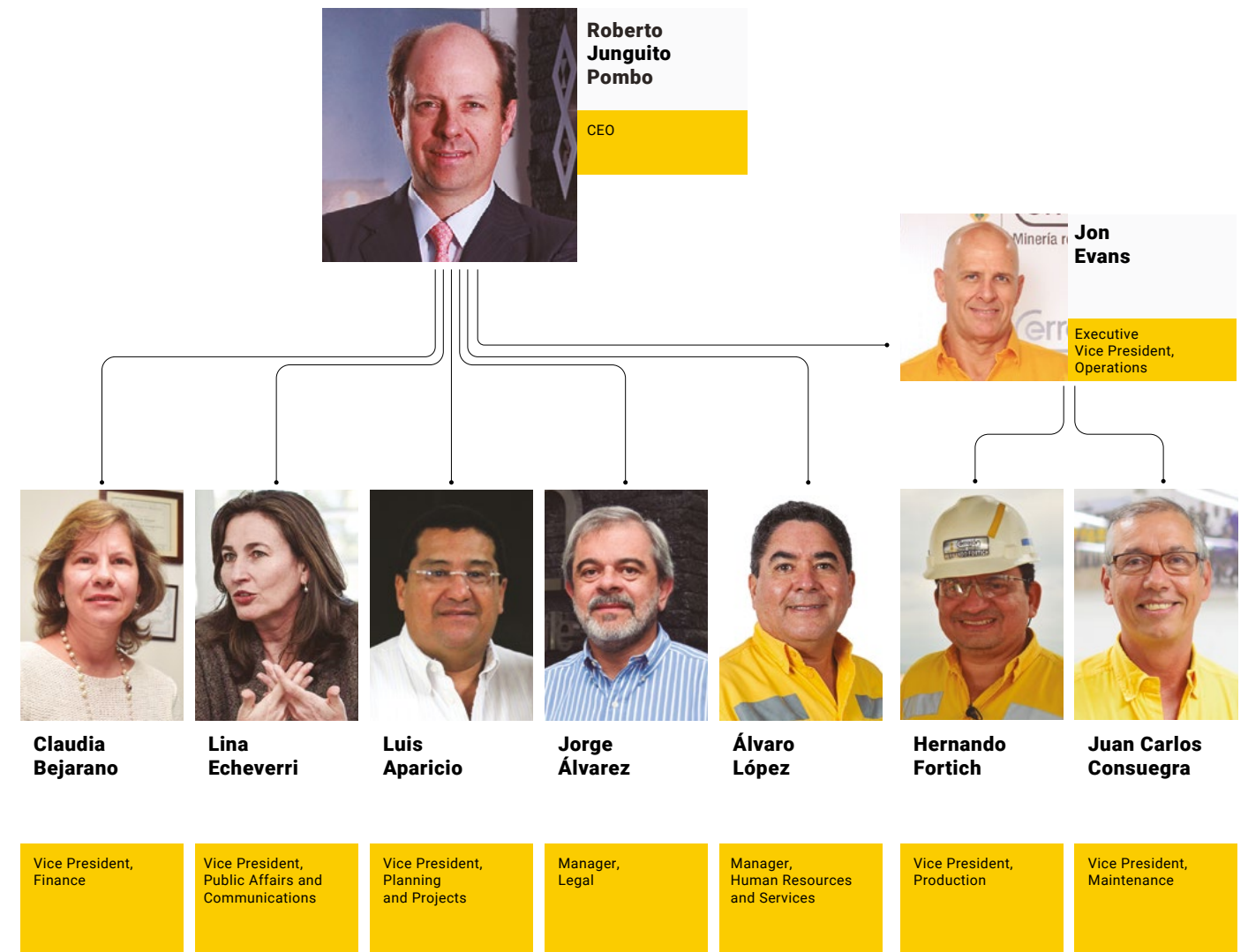


*Figure excludes trainee contracts and people hired more than once in the same year.

EMPLOYEES BY TYPE OF POSITION



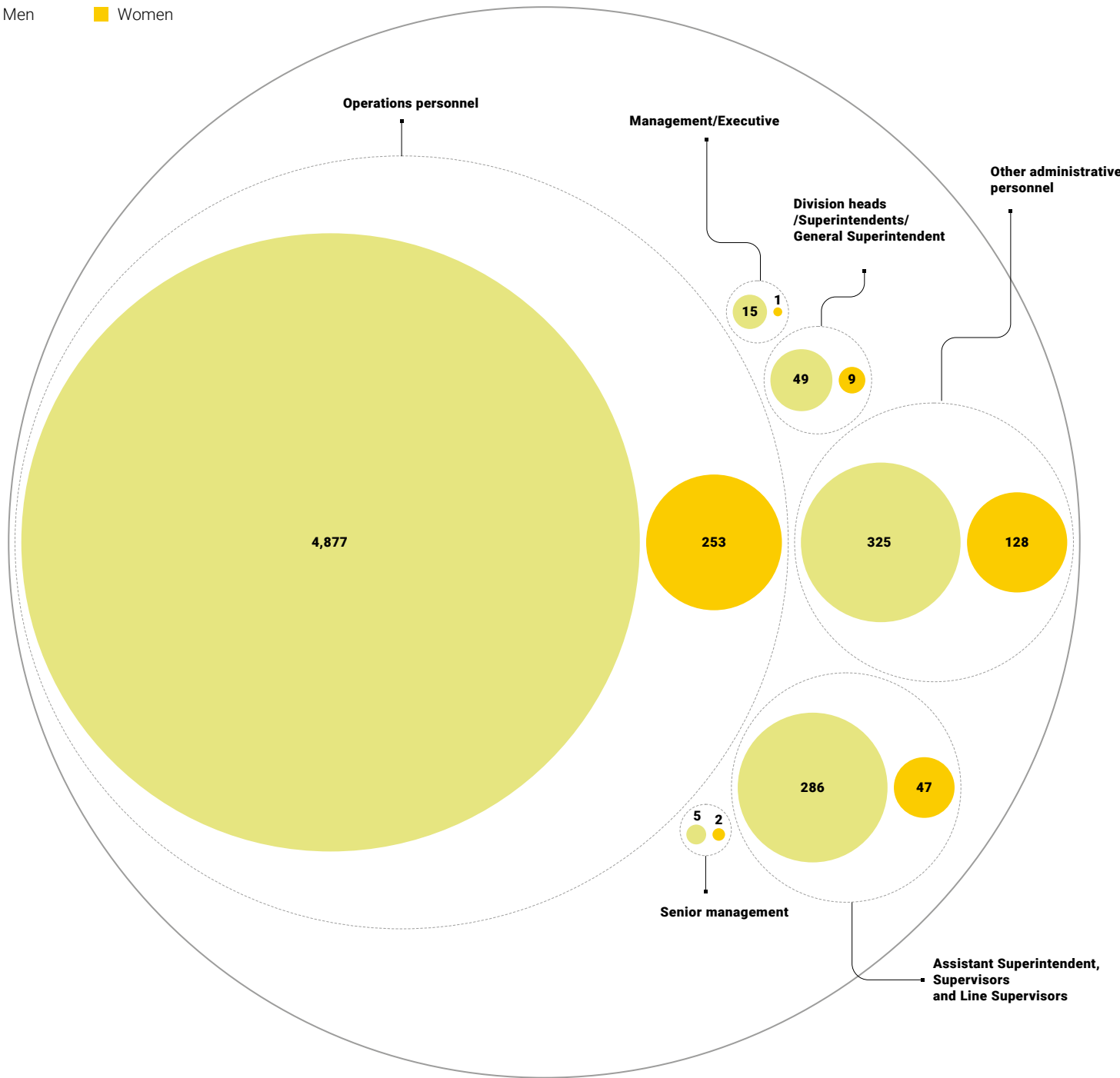
ORGANIZATION CHART



OUR STRUCTURE BY GENDER

Women comprise 7% of our work force

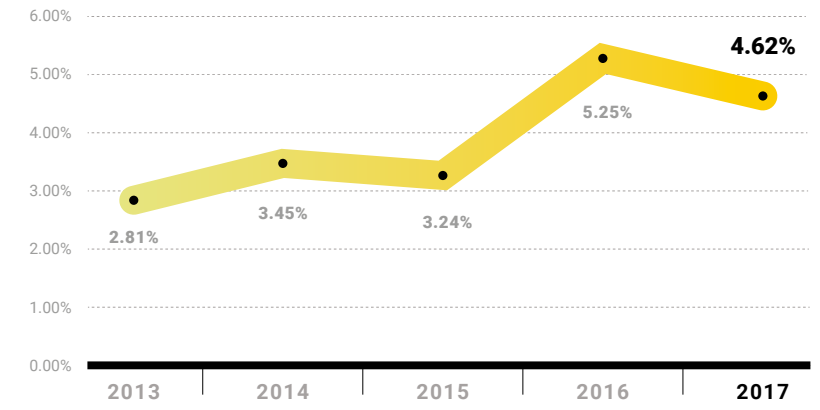
Men Women



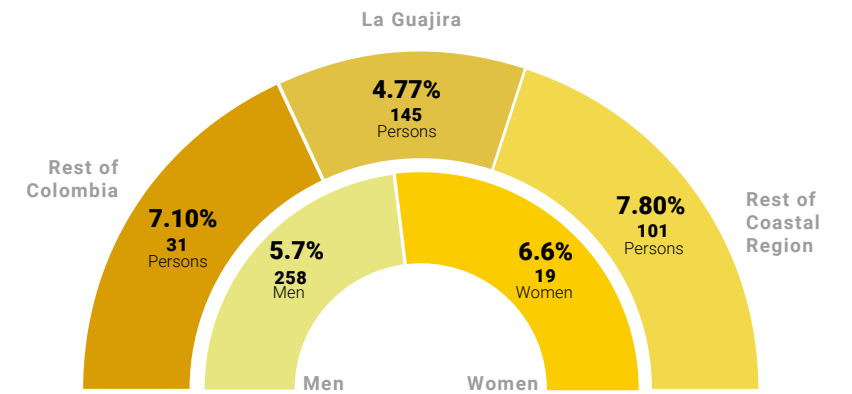
OUR STRUCTURE BY AGE

	Under 30	Between 30 - 50	Over 50
SENIOR MANAGEMENT	0	2	5
MANAGEMENT / EXECUTIVE	0	3	13
DIVISION HEADS / SUPERINTENDENTS / GENERAL SUPERINTENDENT	0	28	30
ASSISTANT SUPERINTENDENT, SUPERVISORS AND LINE SUPERVISORS	34	188	111
OTHER ADMINISTRATIVE PERSONNEL	37	267	149
OPERATIONS PERSONNEL	955	2,655	1,520

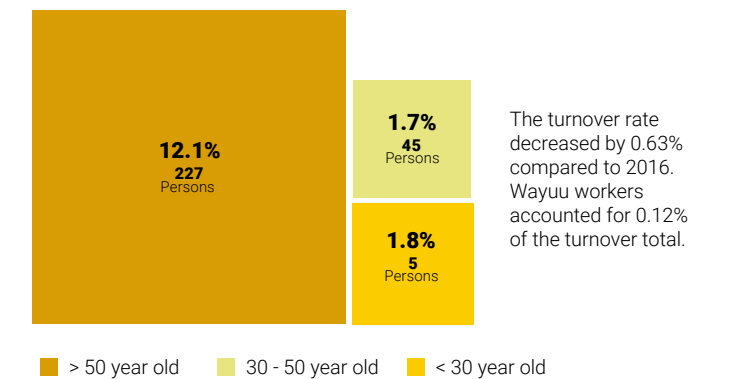
TURNOVER RATE



TURNOVER RATE BY REGION AND GENDER



TURNOVER RATE BY AGE



The turnover rate decreased by 0.63% compared to 2016. Wayuu workers accounted for 0.12% of the turnover total.

Fairness and Equal Opportunity

Cerrejón wants to conduct an operation that acknowledges and favours diversity by virtue of gender, age, race, colour, ethnic origin, religion, sexual orientation, political opinions and any other relevant condition. We wish to promote equality of labour opportunity among our collaborators and foster fair treatment based on respect as a fundamental component of our business strategy. We initiated actions to promote the role of women in the operation a decade ago. But our vision concerning fairness has been transformed into a more comprehensive long-term plan that not only allows us to continue encouraging a leadership role for women in the mining industry, but also to create more fairness throughout the entire organization and achieve change that extends beyond the workplace.

Mining has traditionally been a masculine industry, where the technical and operational positions (which make up the largest segment of employees in our organization) have been occupied by men. That was why, when we began to work on fairness issues, our priority was to create better

conditions for promoting the role of women in this kind of activity. To that end, we formed a Committee of Women in the Operation to review (with the managers in Production and various support areas) issues associated with infrastructure, policies, equipping women in operational areas, and promoting the assignment of a greater number of women in these activities. This was how we achieved it:

- Conducted interviews and workshops with 75% of the women in the operation to gain a greater understanding of the issues we should address.
- Initiated internal and external campaigns to promote the role of women in the mining industry.
- Created changes in equipment, such as uniforms produced by women.
- Installed bathrooms for women.
- Increased the awareness and sensitivity of supervisors.

We believe this phase's greatest achievement was the establishment of guidelines for the comprehensive development of women in the operation, so we defined career paths that would permit their development,

adaptation to the mining environment and promotion to leadership positions within the company.

On this journey, we have come to understand that the topic of equality must have a comprehensive perspective and, even though the focus on women in the operation continues to be an important challenge, we must continue to work on the promotion of equality on all fronts in our company, including the inclusion of Wayuu personnel, taking into account their traditions and customs. Therefore, we have:

- Established a hiring goal with a focus on diversity. In 2017, 45.6% of the professional personnel and 18.5% of the operating personnel hired were women and Wayuu indigenous people.
- Transformed our Equal Opportunity Policy into the Equal and Fair Opportunity Policy.
- Participated in a gender equality ranking that has allowed us to learn about various scales on which we can establish action plans and learn about national best practices.
- Created an Equality Committee in the company with representatives from the three offices from which we operate (Bogotá, the Mine in Albania and Puerto Bolívar), having different ages and origins, professional training and career paths, in order to promote initiatives that will allow us to make Cerrejón a more fair, diverse and inclusive company.
- Changed the private security uniforms in accordance with

Wayuu traditions and customs due to the high occupation of these positions by personnel who belong to this ethnicity.

- Trained more than 1,000 women in leadership programs.

HIRING

In the recruiting and selection processes, we include résumés from men and women, attempt to obtain an equal proportion in accordance with the position's requirements, and in those cases in which the job description permits it, we apply selection criteria intended to favour minority populations (e.g. women, indigenous peoples).

IMPLEMENTATION

Leaders are responsible for implementing and administering this policy, maintaining a work environment free of discrimination, and identifying and promptly resolving any problem related to equal opportunities in employment.

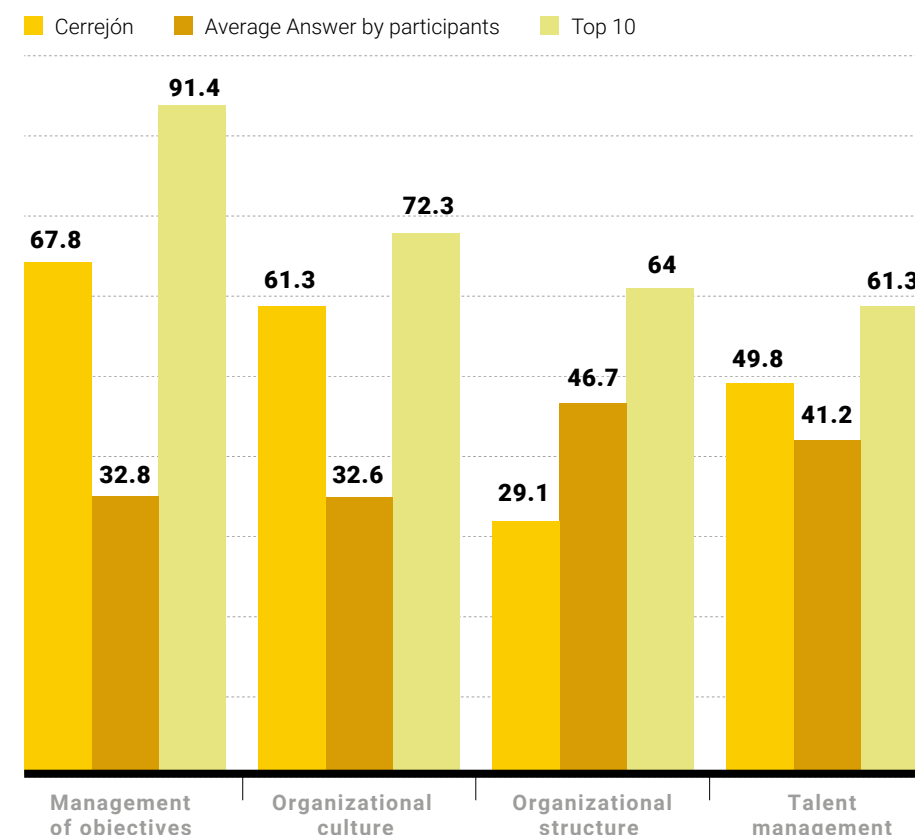
FOLLOW-UP

At Cerrejón, we reject any type of harassment, discrimination, intimidation or reprisals due to exercising the rights protected by our policy. We have thus created various channels for filing complaints on any potential case, including engaging in direct dialogue with supervisors or Human

Resources and Services management, or providing opportunities to confidentially file claims so they can be investigated and resolved.

In 2017, we participated in the ranking performed by Aequales, a private company that provides consulting services to transform organizations through gender equality and diversity based on the organization's evaluation in four areas: management of objectives, organizational culture, organizational structure and talent management. As a result, we were ranked 25th out of 110 private sector organizations:

AREAS UNDER EVALUATION



- 1 Pfizer
- 2 Fundación Plan
- 3 Sanofi
- 4 Jhonson & Jhonson
- 5 P&G
- 6 Citibank
- 7 3M Colombia S.A.
- 8 SAP
- 9 Equión
- 10 Codensa - Emgesa

25 **Cerrejón**

Fairness Committee

In 2017, we started our first Fairness Committee in which six men and six women (of different training, origins and functions in the company) promote initiatives that permit Cerrejón to become a more fair, diverse and inclusive company. In this first year of training, the Committee worked to define their scope and responsibilities, work model, preliminary analysis in matters of equality and short-term work actions. Its main challenge will be establishing plans for positioning company mechanisms, policies and strategies in matters of fairness, promoting the importance of diversity and designing a medium- and long-term action plan that manages to incorporate an ethnic and diversity component and promotes respect for human rights and for the traditions and customs of the Wayuu ethnic group.

Results

- We revised the fixed-term hiring during pregnancy policy (5 to 6 months).
- The making and changing of private security uniforms was placed under the charge of Wayuu women, promoting the traditions and customs of the community and generating 80 potential new jobs.
- Starting in 2017, a plan was initiated to upgrade facilities and infrastructure in light of the increase in the number of women in the operation. In 2017 alone, COP 289 M was invested in the remodelling of facilities for this purpose.
- We maintain temporary positions for pregnant women when their normal activities can represent a risk to their pregnancy. In these cases, they are reassigned to administrative and filing activities that do not pose any potential risks.

CHALLENGES AND OPPORTUNITIES



We have come a long way in strengthening the region's job skills, and we continue to work on strategies that will permit us to make our workforce increasingly more inclusive and diverse.

The next step will be to create a fairness work plan based on our policy. We have defined a corporate hiring key indicator (KPI) in order to gradually increase the percentage of women and Wayuu indigenous people hired to fill vacancies and retirement vacancies in upcoming years until it reaches 30% of technical personnel and 45% of professional personnel.

In terms of equality, our greatest challenge is to find common ground within the values that promote best practices in matters of fairness. Other challenges are to promote fair practices that go beyond the workplace in order to contribute to national goals in terms of fairness, with a special emphasis on the topic of gender as it represents a significant challenge for our industry.

Safe and Healthy Work Environment

The International Labour Organization indicates that every day 6,300 people die because of accidents or work-related illnesses in the world, which means more than 2.3 million deaths per year. Likewise, annually more than 317 million work accidents occur, resulting in many cases of work absenteeism. Therefore, the prevention of illnesses and work accidents has become a focus of special attention for every industry around the world.

Since the beginning of our operation, completing jobs under the best safety precepts has been a fundamental value. We have therefore implemented a Safety, Health, Environment and Community policy through which we protect the lives and integrity of our workers, and promote their safety and health in an optimum workplace in order to prevent accidents, illnesses and any situation that could pose a risk to their physical integrity or to that of the personnel of contractor companies.

In order to achieve this goal, we are adopting nationally and internationally recognized standards and practices at our operations while promoting a culture of self-care in which each

person is responsible for heeding their health, applying safety rules and reporting any identified unsafe situation in a timely fashion.

In 2017, we worked to identify aspects for improvement within our Work Safety and Health Management System (SG-SST, its initials in Spanish) and to continually highlight well-executed tasks, thereby motivating our workers to continue protecting their health as part of their daily activities. This system is certified under the OHSAS 18001 standard, which permits us to meet the requirements demanded by Colombian law.

With respect to the control of occupational diseases, we are integrating industrial hygiene and preventative and occupational medicine processes in order to identify occupational risk conditions in a timely fashion and implement controls to mitigate them through Epidemiological Monitoring Programs, among other activities.

Likewise, we have a Fatal Risk Management System that starts with the identification of unsafe conditions that could cause a fatal incident and the implementation of controls that avoid their materialization. During this process, we have established actions to mitigate our critical risks

such as training in the safe operation of some heavy equipment with simulators, work at heights, load management, electrical work, blasting, work on slopes and work on the railroad operation.

In 2017, we invested approximately USD 1.3 million in occupational health and approximately USD 2 million in industrial safety for a total of USD 3.3 million. This was a historic year with respect to safety since we had no fatalities and our lowest ever recordable injury frequency rate (RIFR). Additionally, the Cerrejón in Motion program managed to surpass its membership and participation goals, having as of the current date 4,000 members and achieving reductions in absenteeism, occupational disease and lost days rates.

KEY FACTORS

1. Self-Care

We focus on self-care, strengthening each worker's responsibility to take the necessary measures to preserve their health and operate in safe conditions.

2. Ongoing Recognition

We systematically reinforce the recognition of good deeds with respect to safety and health in our operation's daily activities

3. Occasions for Dialogue and Participation

We opened additional occasions in the Joint Committee for Safety and Health at Work (COPASST) to discuss key topics on this front with personnel from throughout the operation. We set up monthly meetings between the vice president of Operations and union



leadership in order to address topics related to industrial safety and health in our workplace. We have thus managed to evaluate and improve safety conditions in the operation as well as the implementation of improvements in related processes.

In 2017, we achieved a record 76,216 hours of participation in industrial safety and health activities at the operation.

Cerrejón in Motion

This program began in 2013 as a pilot program, with nearly 200 people from three municipalities in La Guajira participating to promote a culture of self-care and generate healthy living habits among our workers and their families, contractors and the community of La Guajira. This initiative, which now has the support of local municipalities, the Departmental Institute of Sports of La Guajira, and employee and cooperative funds, currently has more than 4,000 active members in La Guajira, Valledupar, Barranquilla, Santa Marta, Cartagena and Bogotá.

The program generates around 15 direct jobs and 13 indirect jobs and also contributes to the region's social development. It was awarded a 'High Distinction' HSEC (Health, Safety, Environment and Community) award in the Health category by BHP, one of our shareholder companies.

Based on three pillars (physical activity, healthy eating, and cross-cutting educational processes), the model has contributed to lowering obesity rates, thus providing favourable results based on a survey of 357 participants:

- 95% of participants consider that the initiative improved their work performance..
- 93% improved their family relationships.
- 93.5% improved their eating habits.
- 89% improved their quality of sleep.
- 94% considered that the participation of a family member increased their enthusiasm and longevity in the program.

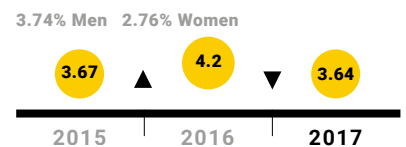
In 2017, we exceeded our goals of adherence and participation in the program, achieving the active participation of 3,509 individuals (60% employees and 40% family members). We increased the total number of participants by 24.3% compared to 2016, and we attained 69% adherence for them..

SEMINAR ON THE CULTURE OF CARE IN LA GUAJIRA

In order to continue promoting healthy living habits, we held this first meeting in May 2017 in Riohacha, in partnership with the Colombian Heart Foundation, and with the participation of other regional and national institutions. The importance of self-care regarding good nutrition and regular physical activity was discussed in more than 10 lectures led by doctors, nutritionists, psychologists and other healthcare professionals. More than 400 people attended this event.

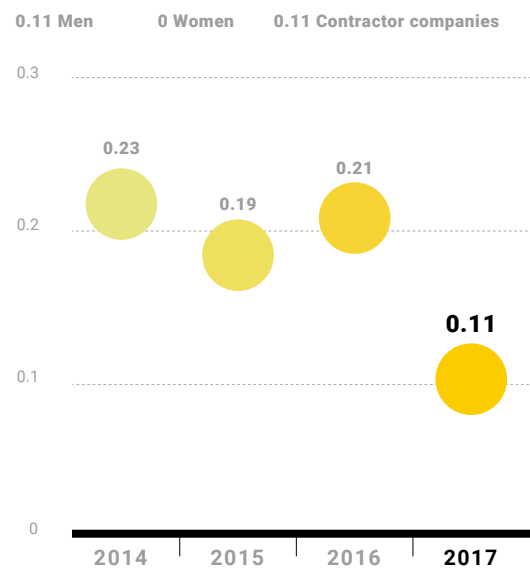
Absenteeism

The percentage of absenteeism for 2017 was 3.64%. This result was lower than the previous year thanks to the strengthening of self-care and permanent adherence to good practices. Although we do not monitor contractor absenteeism related to health causes, we are notified if there are deviations in the audits by the Colombian Safety Council.



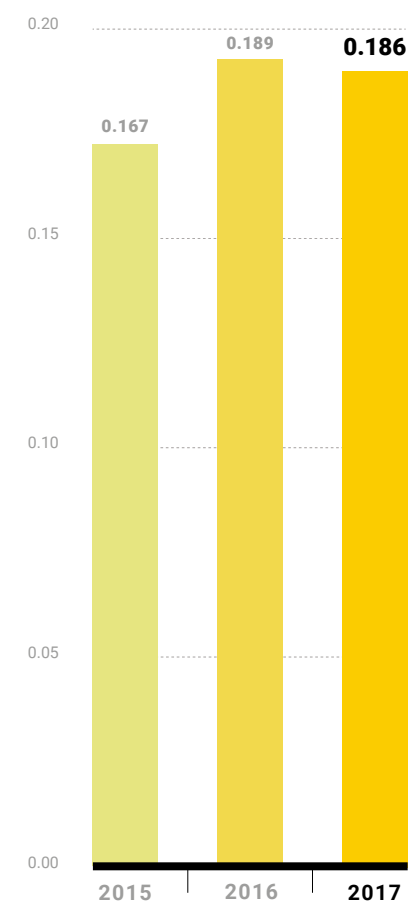
RECORDABLE INJURY FREQUENCY RATE (RIFR)

0.11 for every 200,000 hours of exposure over the number of hours worked.



Occupational Diseases

There were 13 cases of occupational illness in 2017 (all in men), which is one less case compared to 2016. This figure is equivalent to 0.186 for every 200,000 hours worked.



PREVENTION OF OCCUPATIONAL DISEASES

Since 2016, we have been strengthening the hygiene and control skills of our occupational health and safety leaders to ensure that the prevention, mitigation and follow-up measures are correctly implemented, and that our 3,307 employees with the highest risk of acquiring work-related diseases may operate safely, while also maintaining their health.

Types of exposure	Number of workers who carry out the activity	Main prevention, mitigation and monitoring measures
EXPOSURE TO NOISE LEVELS ABOVE THE CORRECTED TLVS*	3,260	Redesigning processes, cabin enclosures, decreased exposure time, medical surveillance, new technologies and tools, monitoring of the air-tight status of mining equipment cabins and the use of personal protective equipment.
EXPOSURE TO PARTICULATE MATTER WITH A SILICA CONTENT THAT EXCEEDS THE CORRECTED TLVS*	47	Road wetting, dust suppression systems, covered coal conveyor belts, temporary storage silos for loading trains, ships with effective emissions-control systems and maintenance of the enclosure of mining equipment cabins.

*TLV - THRESHOLD LIMIT VALUE: MAXIMUM CONCENTRATION ALLOWED FOR EXPOSURE OF WORKERS TO DIFFERENT OCCUPATIONAL RISKS.

COLLABORATIVE RESEARCH

We started a study (which will end in 2018), along with Sintracarbón, on the possible relationship between working conditions and respiratory diseases among Cerrejón's workers. This study was carried out with the participation of 10 researchers from the University of Rosario and with technical supervision by the Colombian Society of Occupational Medicine (SCMT, its initials in Spanish). It is the first time we have conducted a scientific study together with Sintracarbón, which generates more trust in the results.

Ratio of lost days

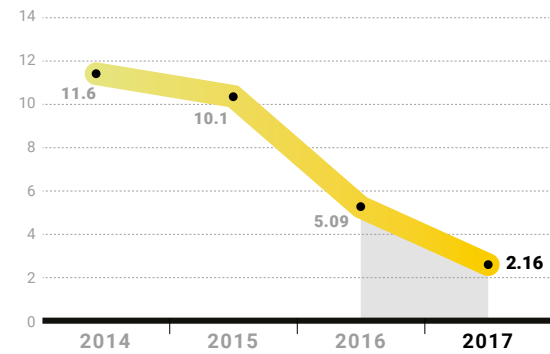
(Calendar days, excluding the day of the accident)

The result of the ratio was 2.16, the lowest in the last five years.

Men: **2.32**

Women: **0**

Contractors: **1.80**



Follow-Up Committees

JOINT COMMITTEE ON SAFETY AND HEALTH AT WORK (COPASST)

Our employees (50% representation) actively participate in a delegation of 16 people elected by the workers (8 representatives from the mine workers, 4 workers from Bogotá and 4 from Puerto Bolívar) and 16 appointed by the Cerrejón administration. Issues such as the investigation of work accidents, planned inspections and the review of epidemiological surveillance systems are evaluated by the committee.

HEALTH COMMITTEE WITH SINTRACARBÓN

Comprised of 12 representatives, four from the administration and eight from Sintracarbón, the majority union at Cerrejón.

COMMITTEE WITH SINTRACERREJÓN

Made up of eight representatives, four from the administration and four from Sintracerrejón. This committee deals with health issues and all other issues related to workers affiliated to this union.

Work reinsertion program

In order to ensure reinsertion into the workforce under safe and healthy conditions of employees who, due to a health situation, cannot return to the position for which they were hired, we have implemented a program that includes: training in computer software, involvement of the employee's family and psychosocial support, ongoing medical surveillance, evaluation of the ergonomic and general health and safety conditions of the new assigned position and physical conditioning (depending on their specific health situation) at the gym located at the company's facilities, during work hours. An internal classification is used to monitor the location and performance of these employees. We also have ongoing interactions with different social security entities to ensure the best health and safety conditions for this staff.

The 155 employees participating in the program have continued within the company, performing their duties safely. In order to ensure the

success of the relocation process, and its sustainability over time, employees' relatives, the ARL, and other actors associated with social security are involved, in addition to Cerrejón's personnel. In 2017, we created 47 positions for the work reinsertion process.

Strengthening the emergency response structures

We restructured this system in 2017 by inaugurating an Emergency Training Centre, increasing the number of emergency response members at the Mine from 130 to 270, equipping it with additional emergency response teams, adding eight staff members to the Emergency Response Centres and replacing three ambulances to improve response times.



CHALLENGES AND OPPORTUNITIES

To maintain fatality-free operations.

To consolidate the Fatal Risk Management System.

To continue lowering the recordable injury frequency rate.

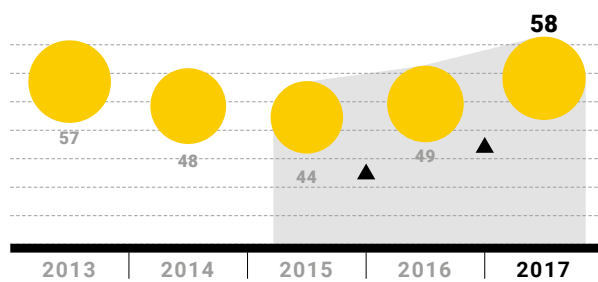
To decrease the level of absenteeism due to health situations to below 3.4.

To continue to lower the work illness ratio to <0 for every 200,000 man-hours worked.

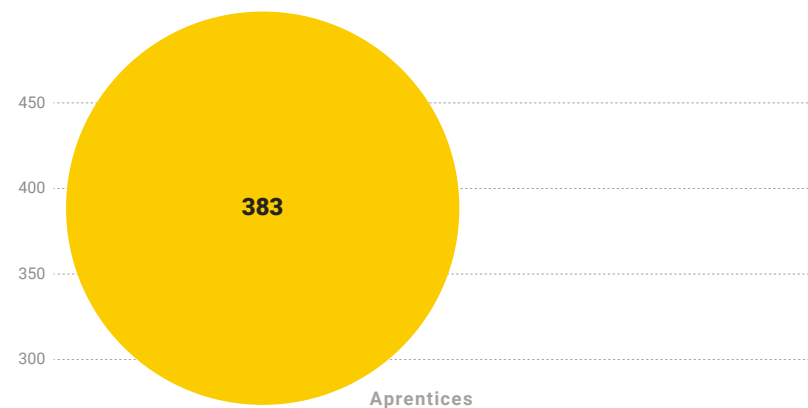
To maintain participation in the Cerrejón In Motion program at a minimum of 2,300 workers and the percentage of adherence to the program at 72%.

Training and Well-Being

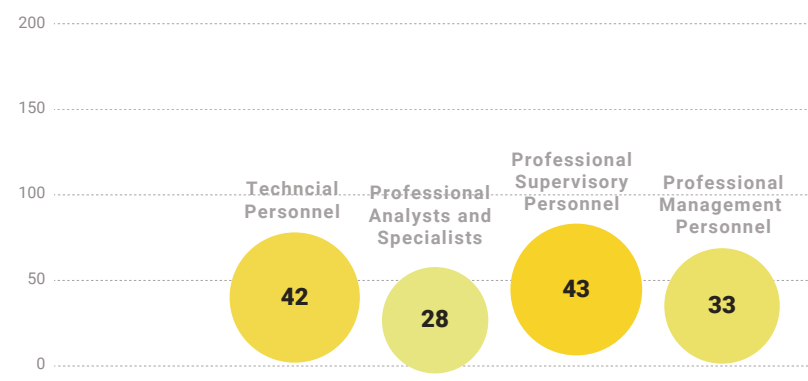
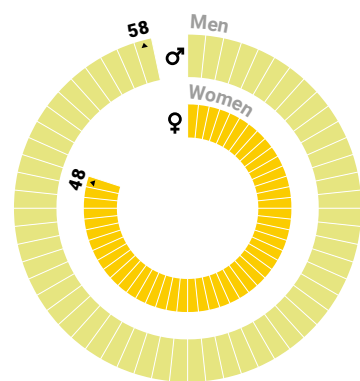
AVERAGE TRAINING HOURS 2017



AVERAGE HOURS OF TRAINING PER GROUP OF POSITIONS



AVERAGE 2017 TRAINING HOURS PER GENDER



At Cerrejón, we promote a healthy, respectful and safe environment for our employees, based on transparent and constructive dialogue, the generation of decent and fair working conditions regarding compensation, recognition and remuneration, the establishment of benefits to improve the quality of life of our workers, and by empowering and strengthening them in terms of

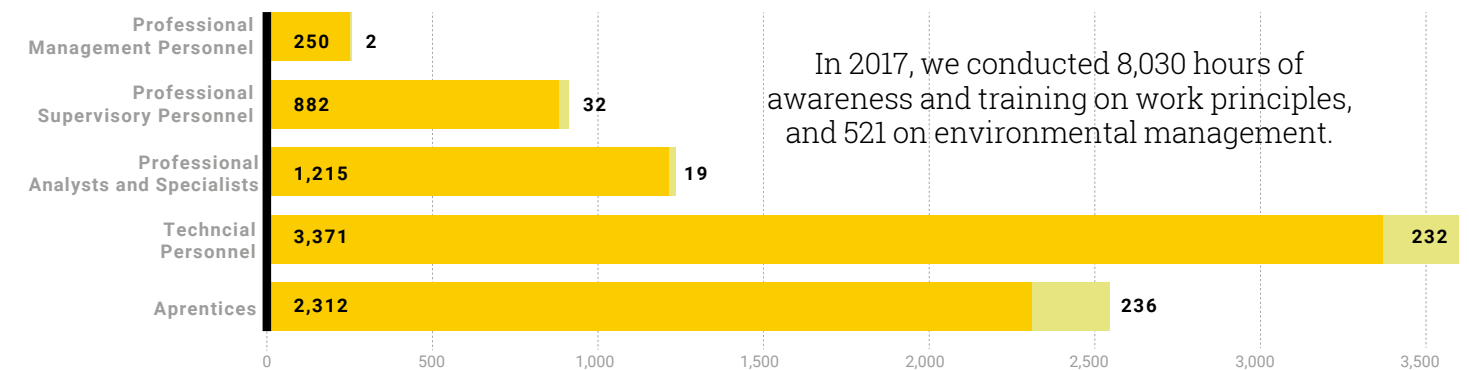
work skills. This is why promoting our workers' skills has been one of our priorities, and it is the reason we carry out continuous training and evaluation programs that allow them to perform their work safely and effectively.

We provided 345,554 hours of training in 2017. The results of some of these efforts were seen in areas such as Production and Maintenance. In Production, we carried out

apprenticeship training and reinforcement of operational practices while, in Maintenance, we focused on developing the skills of our current technicians.

We include topics such as employment engagement and benefits in our induction process, as well as training on the following company policies:

INTERNAL AWARENESS-RAISING AND TRAINING IN WORK PRINCIPLES AND ENVIRONMENTAL MANAGEMENT



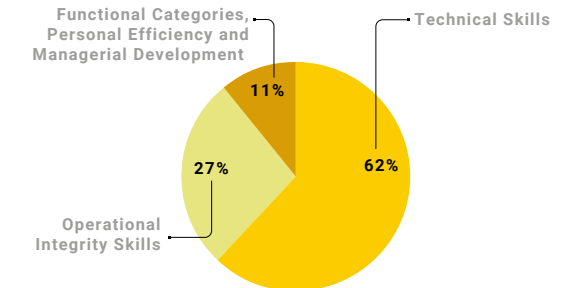
In 2017, we conducted 8,030 hours of awareness and training on work principles, and 521 on environmental management.

- **Human Rights.** Respect and promotion of human rights throughout the operation, national and international laws, and workers' rights and liberties.
- **Ethics and Guidelines for the Prevention of Corruption.** Integrity, honesty, prevention of corruption.
- **Equity and Equal Opportunity.** We administer our personnel policies, programs and practices, in all aspects, without discrimination based on gender, age, race, colour, ethnic origin, religion, sexual orientation, political opinion or any other condition.
- **Productive Work Environment.** Any form of stalking or harassment of a sexual, ethnic or racial nature, or for any other reason, by and toward employees, contractors, suppliers and customers is prohibited.

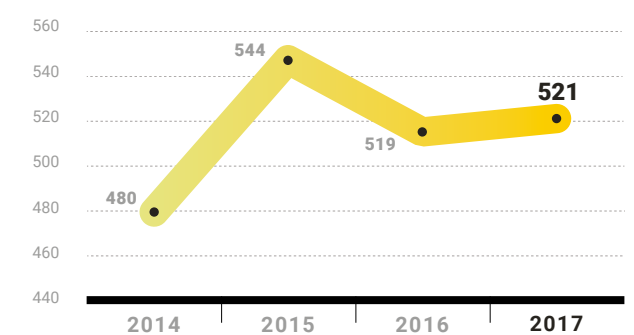
We had 521 active courses in 2017, which allowed us to strengthen our workers' skills by focusing on the following categories:

- **Techniques.** Training aimed at improving operational technical skills: 322 courses.
- **Operational Integrity.** Training on safety, health and environmental issues, and communities: 94 courses.
- **Functional, personnel effectiveness, and managerial development.** Functional – specific training appropriate to the technology of each area; personnel effectiveness – training focused on developing staff skills; and managerial development – training aims at improving the knowledge and skills of different supervisory levels: 105 courses.

PERCENTAGE OF TRAINING SESSIONS PER TYPE OF SKILLS



ACTIVE COURSES 2017



The Well-being of our Workers

The main benefits for a worker at Cerrejón are listed below.

Main Benefits	2016 Investment (In millions of COP)	2017 Investment (In millions of COP)	Covers All Employees	Covers Only Employees by Agreement
Complementary healthcare plans to meet the medical needs of our employees and beneficiaries in a private healthcare program.	29,009	33,565	Yes	
Security Plan to promote long-term savings and asset-building	20,525	21,405	Yes	
Housing loans under better market conditions.	9,643	17,349	Yes	
Comprehensive Insurance Plan aimed at financial security and protecting the families of our employees in case of death due to natural causes or disability.	7,939	13,529	Yes	
Productivity Bonus. Encourages our employees to comply with operational goals and safety and quality indicators.	7,253	8,328	Yes	
Travel expenses for medical treatment, and assistance to cover travel and accommodation in case of medical treatment in a city other than where our employee resides.	2,291	2,871		Yes
Educational Aids. Aid in covering the costs of school and university education for the children of our workers.	17,061	21,051		Yes
Educational Assistance Plan. Helps our employees develop skills that allow them to perform better in their current position or positions they may hold in the future.	298	224	Yes	
Special Bonus to encourage our employees to comply with operational goals and safety and quality indicators.	16,699	1,202		Yes
Conventional Loans. Financial support for our employees with financial difficulties.	3,547	578		Yes
Conventional Aids.	664	272		Yes
Holiday Bonus.	19,039	20,360	Yes	
Christmas Bonus.	17,847	18,848	Yes	
Conventional Premiums.	5,035	8,122		Yes

CHALLENGES AND OPPORTUNITIES



To improve the capacity and quality of training to address the growing demand for generational changeover. Approximately 800 employees will retire and receive a pension in the next five years, and their replacements must be trained to take over their functions in a safe, timely and productive manner.

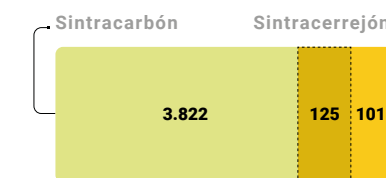
To train personnel in the operation and maintenance of the new mining equipment that will be replaced.

To continue to improve our safety and productivity indicators for the different company processes and areas.

Engagement with Trade Unions

Cerrejón has two trade unions: Sintracarbón and Sintracerejón. Together, they account for 3,923 workers, representing 65.4% of our workforce. We have signed 16 collective bargaining agreements with Sintracarbón and two with Sintracerejón.

COMPOSITION OF THE TRADE UNIONS



In 2017, we started negotiating a new collective bargaining agreement, with each trade union presenting its list of demands. In this new process, we have promoted respectful dialogue and the joint work between the parties.

CHALLENGES AND OPPORTUNITIES



In 2017, we started negotiating a new collective bargaining agreement, with each trade union presenting its list of demands. In this new process, we have promoted respectful dialogue and the joint work between the parties.

Supply Chain

Our supply chain is made up of suppliers and contractors from different sectors, who offer the goods and services required to carry out our operations.

We work to ensure that our entire supply chain is aligned with the principles of our business model and make certain that it complies with Cerrejón's policies and guidelines.

Our aim is to promote ethical, safe, and professional behaviour, in compliance with the highest standards, for all actors who participate in our operation, directly or indirectly.

- We evaluate 100% of the suppliers who participate in our contracting processes with the SA 8000 Standard (labour management and occupational health). SA 8000 is an international certification standard that encourages companies to develop, maintain and apply socially acceptable practices in the workplace.
- We evaluate financial capacity (in hiring processes), perform legal validation, and make database queries in terms of anti-corruption and money laundering (SARLAFT) for

- 100% of the companies we are going to hire contractually.
- We evaluate 100% of the companies that participate in the contracting processes in terms of their standards and performance in industrial safety. We demand low levels of accidents and severity, and high scores in the evaluation of safety, occupational health and environmental systems for contractors.
- We perform due diligence processes for all our contracts and master orders (contracts with multi-year purchase agreements) and for

purchases > USD 10,000. We carried out 494 due diligences related to purchases and hiring in 2017.

- We have two types of purchases: direct charge (occasional) and by master order. The second is for items of recurrent use, for which we make price agreements with a group of suppliers at a given time in order to have a favourable and sustainable relationship.
- We carry out "cross-reviews" of the procurement and purchasing processes (internal reviews amongst employees of the purchasing and contracting departments) in order to take corrective actions. Furthermore, our shareholders arrange for external audits. We received two internal audits and one external audit performed by Glencore in 2017.

We have a team of 20 people in the Purchasing and Contracting departments, and more than 200 contract administrators, including a certification process, to manage direct engagement between suppliers and the company.

We carry out our contracting processes with an online digital tool (BPM), which allows us to guarantee efficiency, transparency and integrity in our processes.

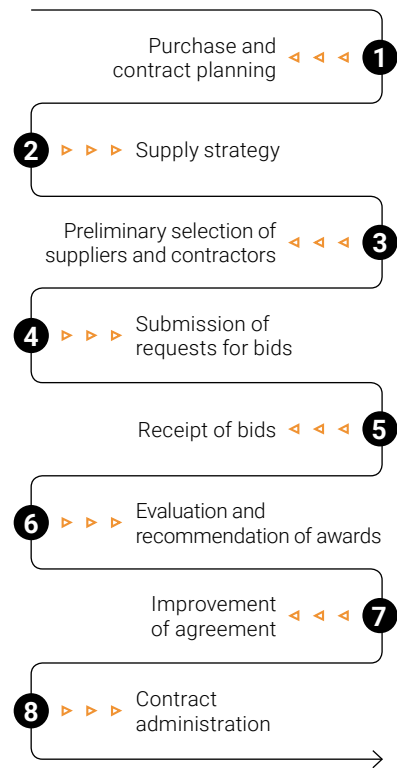
The Purchasing and Contracting Process

We promote sustainable commercial relationships with the companies supplying goods and services to our operations, aligning them with our corporate guidelines, especially with the Ethics Policy and its Guidelines for the Prevention of Corruption and the Policy of the Auto-Monitoring System and Management of the Risk of Laundering of Assets and Financing of Terrorism. Likewise, we try to encourage the hiring of suppliers from within the region and to strengthen their businesses.

We ensure the autonomy and independence of these companies, both administratively and operationally, and allow them to be responsible for their personnel and the provision of supplies in order to provide the agreed upon services or goods.

We manage the contracting of suppliers and contractors required by our operation through interdisciplinary teams, with agreements that comply with the highest technical and industrial safety standards, at a competitive cost.

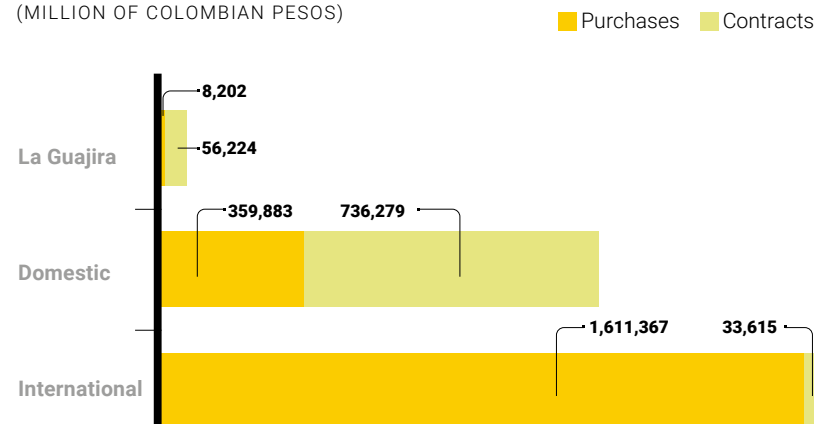
STAGES OF THE PROCESS



Any company that wishes to submit its offer may do so through the platform provided for contractors and suppliers on our website at www.cerrejon.com

2017 INVESTMENT IN PURCHASES AND CONTRACTS ACCORDING TO REGION

(MILLION OF COLOMBIAN PESOS)



	Purchases	Contracts
LA GUAJIRA	30 suppliers Hardware, wood products, signalling of areas (safety), artisanal crafts, and gasoline for light-duty vehicles.	131 suppliers Construction, transportation, road signalling, industrial cleaning, topography, vehicle leasing, tool maintenance, agricultural work and reforestation, clearing out brush, operation of agricultural equipment, psychosocial support, irrigation of roads, maintenance of communications equipment, agency advertising, and training on use of mining equipment.
DOMESTIC	588 suppliers Hardware, furniture, tools, welding, chemicals, personal protection elements, uniforms, and support for national initiatives for repairing components.	468 suppliers In addition to the services detailed in La Guajira (which are also contracted with national suppliers), in the rest of the country we contract out repairs to equipment and components.
INTERNATIONAL	270 suppliers Supplies for the operation, such as diesel for mining equipment, tyres, ammonium nitrate, mining equipment, and spare parts.	42 suppliers Consulting.

Business Strengthening Program

Through our commitment to the socioeconomic development of La Guajira, we seek to strengthen businesses in the region and increase Cerrejón's contracts and purchases within the department. For this reason, we launched a Supplier Development program in 2016 which aims to promote local competitiveness and develop better capabilities to strengthen La Guajira's business fabric.

RESULTS

- We contributed to the strengthening of 21 companies in terms of human management, legal management, general management, marketing, finance and organizational management.
- Six companies participated in Expoguajira, the largest trade fair for the commercial promotion of the productive sectors of La Guajira.
- 15 companies participated in a business forum held by Cerrejón which served as a setting to present their portfolios of products and services.
- 19 of these companies signed contracts with Cerrejón and its Foundation, and five of them signed or renewed contracts in 2017. Annual invoicing is around COP 18 billion.

CHALLENGES AND OPPORTUNITIES



To continue the strengthening program with the 21 initial companies to ensure implementation of what has been learned, and support in search of new markets.

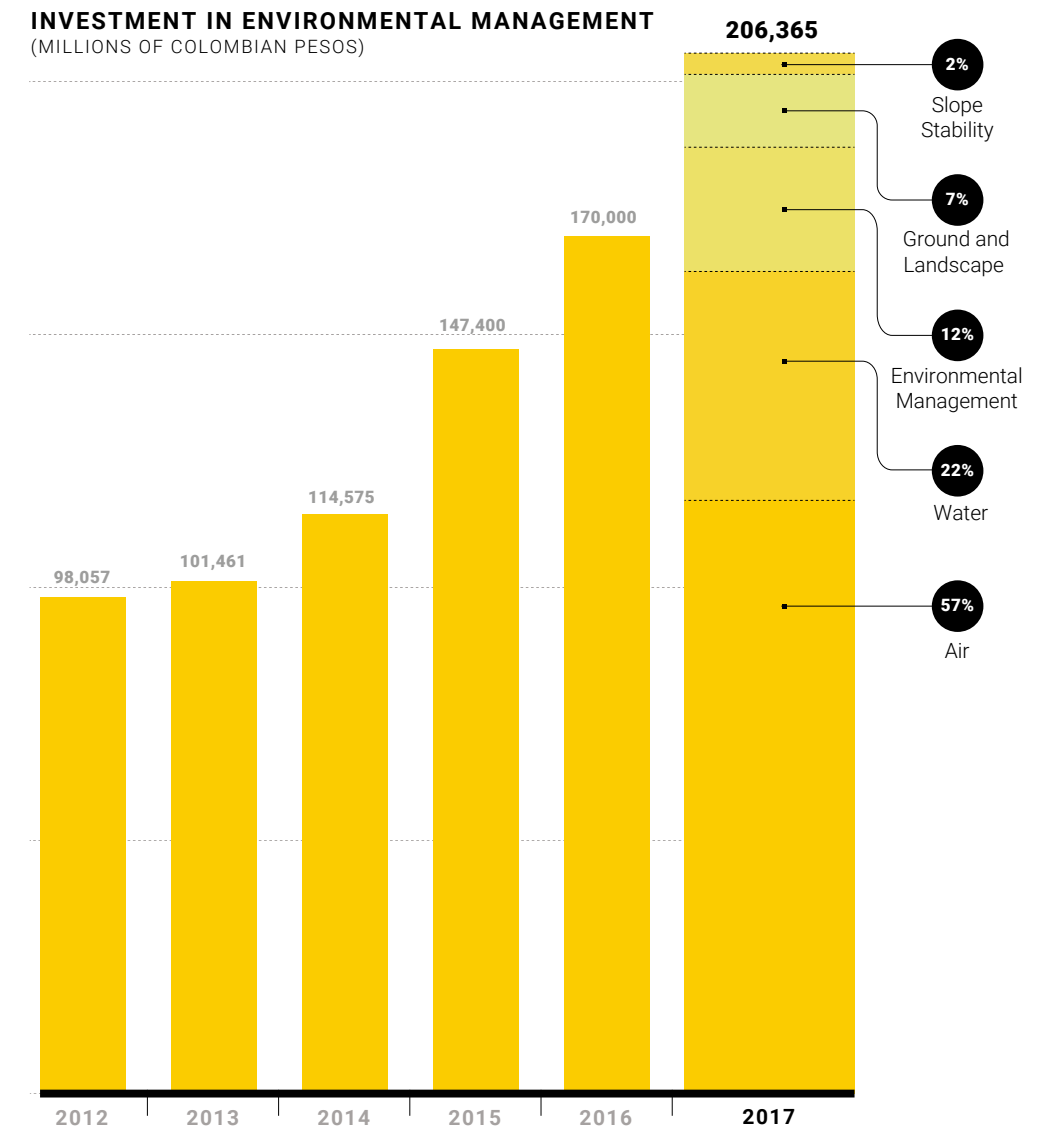
New cycle of strengthening to include 20 additional La Guajira companies.

5 | Management of environmental impacts



The world increasingly has more, and better, information on how the environmental impacts of human activity affect our future and that of the planet. Likewise, today various forms of knowledge and technology can be accessed to identify and evaluate these impacts and to prevent them when possible, or to mitigate and compensate them when they are inevitable. Based on our commitment to comply with the law, achievement of the objectives established in the Sustainable Development Goals and the implementation of national and international standards available in the mining industry, we work continuously to identify the necessary measures to generate the lowest possible impact.

Consequently, during the last seven years, our environmental investment has tended to rise, with an increase of 52%. For 2017, this environmental investment amounted to COP 206,365 million, close to 18% above what was recorded in 2016. Seventy-nine percent of these resources were



intended for the efficient use of water and dust suppression in order to prevent negative impacts on employees, communities and the environment.

As an organization, we have the challenge of working on larger

initiatives in the face of climate change, implementing energy-efficiency projects to reduce greenhouse gas emissions.

Water in Mining Activity

According to the United Nations Conference on the Development of Water Resources, in 2018 more than two billion people worldwide lack access to safe drinking water and more than twice that do not have access to sanitation. This, together with rapid world population growth, leads to estimates that the demand for water will increase by slightly more than 30% for the year 2050.

While in our country there are noteworthy achievements, such as access to drinking water for 6.9 million people, according to the National Planning Department's second national voluntary report on the Sustainable Development Goals (SDG), in Colombia and especially in La Guajira access to water remains one of the main challenges.

Although La Guajira has surface and groundwater resources, its geographical characteristics, water stress, and vulnerability to phenomena such as El Niño expose it to extreme droughts and water scarcity. A further complication is the geographical dispersion of its population. According to Fundesarrollo, La Guajira is six times the size of the Atlántico department and has less than half its population, making it difficult for interventions and services offered by the State to reach all those who need it.

- Precipitation 0–500 mm**
La Guajira is the department where it rains the least in

Colombia, with an annual average rainfall of 0 to 500 mm, close to the Sahara Desert, where rainfall can be approximately 100 mm.

- Highly deficient in water**
It is one of the regions with the greatest water deficit in the Caribbean hydrographic area, with a dryness index of 0.6, highly deficient in water compared to Quibdó (Chocó), one of the municipalities with the highest water surpluses in Colombia, with an index of <0.15.
- Index of critical water use**
The pressure of demand exceeds supply.
- Low water retention and regulation**
La Guajira has the lowest water retention and regulation in Colombia.

Sources: National Water Study 2014, IDEAM, Ministry of the Environment, Atlas of IDEAM and departmental IDEAM file.

The watershed of the Ranchería River has an area of 4,070 km² and is located in the lower part of the department. The Ranchería River begins in the Sierra Nevada de Santa Marta and, after a distance of approximately 248 km, empties into the Caribbean Sea in Riohacha, the capital of La Guajira. This basin is considered to be high in biodiversity and is populated by different cultures. It is of vital importance to the

community and indigenous peoples according to information from the Management Plan of the Ranchería River Watershed.

The watershed covers about 20% of the total surface area of La Guajira, supplying almost 400,000 inhabitants.

As in other industrial activities, water is a necessary input for mining operations. In addition, it represents an important opportunity to catalyse and support collective solutions that contribute to improving water security and sanitation for all. This is what we have understood since the start of our operations.

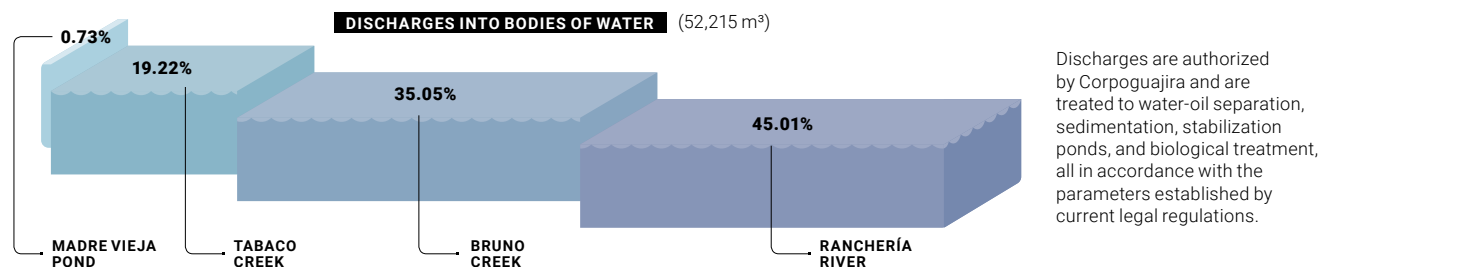
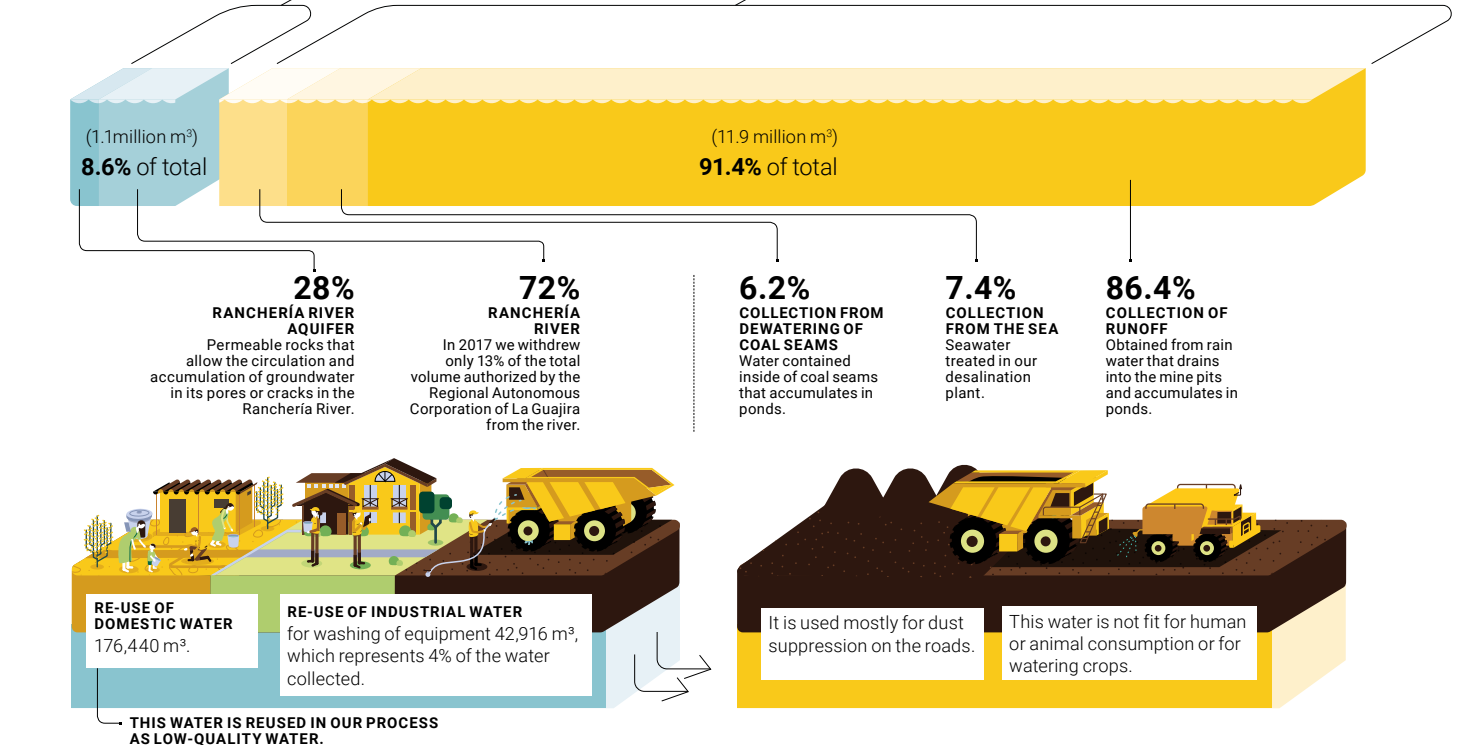
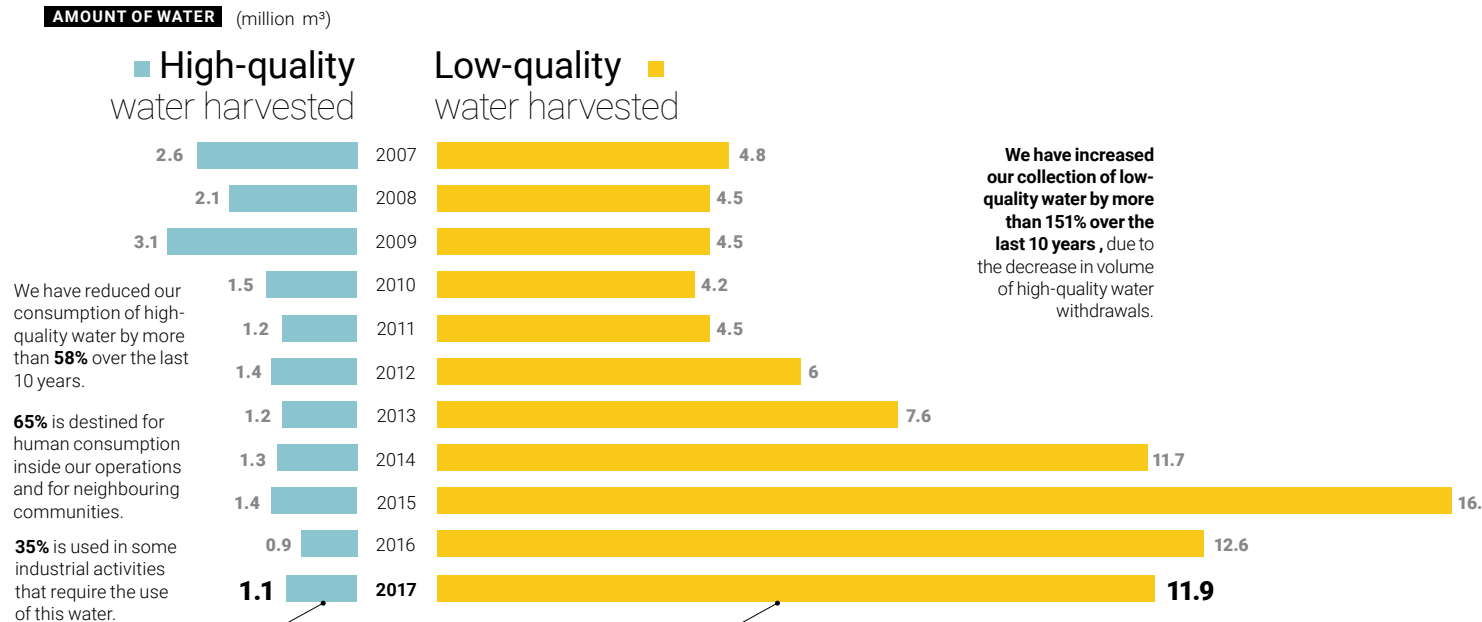
Thanks to the lessons we have learned and the knowledge we have acquired throughout our history with respect to the availability of water in the region, we have developed a Comprehensive Water Management strategy that reflects our commitment and responsibility to the promotion, conservation and responsible use of water on three fronts:

- Efficient use of water.**
We watch every detail of our production process closely to protect this resource.
- Watershed approach.**
We conserve and protect water resources to make them sustainable.
- Participation in access solutions.**
We engage with stakeholders to understand their priorities and participate in water solutions.

CLEAN WATER AND SANITATION
GOAL: 4

Efficient use of water

The responsible use of water, in addition to being one of the pillars of this comprehensive management, is one of our main objectives within our own organization. As in previous periods, we have endeavoured to use low-quality water (unfit for human or animal consumption, or for crop irrigation) in all possible components of our operations in order to reduce to the minimum the collection and use of high-quality water (from the Ranchería River and its aquifer, using direct measurement at the uptake point). In 2017, we took additional measures that allowed us to continuously improve in water use, such as advances in water-saving systems and the installation of perimeter drainage canals that do not allow sediment and other contaminants to enter bodies of water.



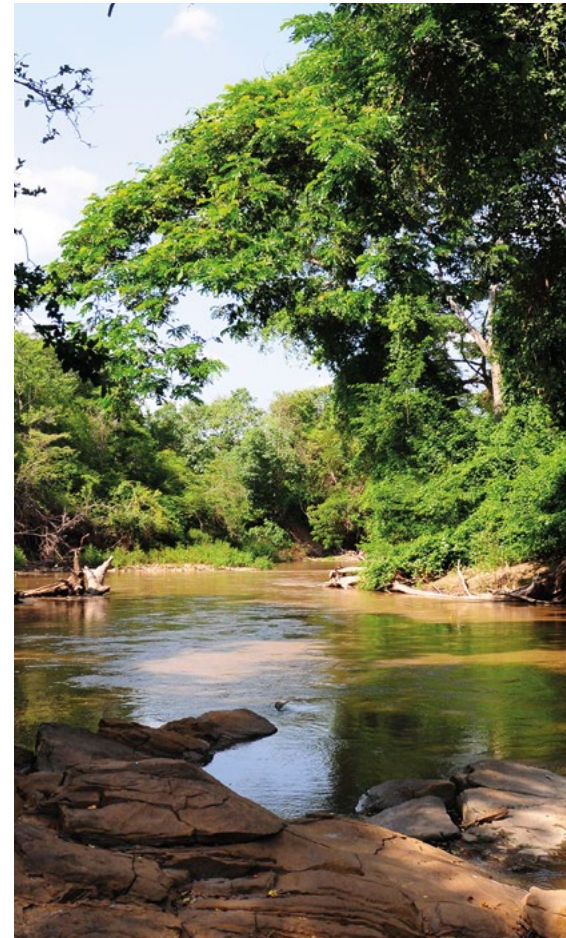
RANCHERÍA RIVER WATER QUALITY

The water quality index of the Ranchería River is calculated following the methodology and estimations of the Water Quality Index (WQI) established by the National Sanitation Foundation (NSF) of the USA. The WQI assesses nine sanitation parameters: dissolved oxygen, pH, temperature, faecal coliforms, biochemical oxygen demand (BOD), nitrates, turbidity, total solids, and phosphates..

ICA 2017 Annual Average in the Ranchería River		
CLASSIFICATION OF THE NSF WQI	PALOMINO STATION - UPSTREAM WQI	CUESTECITA STATION - DOWNSTREAM WQI
100-90 Excelent	77 – Good. Before entry to Cerrejón's area of influence.	72 – Good. At the exit of Cerrejón's area of influence.
90-70 Good		
70-50 Fair		
50-25 Bad		
25-0 Terrible		

MAIN INITIATIVES

- We implemented automatic reporting of water withdrawal and use to get accurate, precise data.
- We updated a water-budget model to optimize our management of low-quality water and achieve zero discharges in the short-term.
- We approved a project to decrease leaks (accounting for unmetered water) and reduce our withdrawals of high-quality water.
- We developed a management plan for water in the dump sites to prevent erosion from affecting our reclaimed areas and bodies of water. The goal of this plan is to design and build perimeter drains to collect the water and lead it to holding ponds, thus preventing topsoil erosion and sediment-laden water from reaching bodies of water.



Catchment Basin Protection

As La Guajira has a water deficit, at Cerrejón we promote actions aimed at conservation and also water and soil management, which are directed at preserving and restoring regional micro-basins. This approach includes conservation projects for the watersheds of the Bruno, Pupurema, El Pasito, Majagüita, and Paladines creeks, providing social and economic benefits and promoting their sustainability.

These water-recharge zones supply water for domestic as well as farming and livestock purposes. In addition, they share cultural, biological and social information with the Montes de Oca reserve, the Serranía del Perijá and the Sierra Nevada de Santa Marta. Thus, we actively

work with communities to conserve watersheds.

These actions have made it possible to plant in the areas of certain headwaters and other bodies of water and seen the use of sustainable production systems (organic fertilizers, vegetable gardens, cleaner production) in which the work of local committees and forest guards has been fundamental. These programs comprise four components:

INTEGRATED WATER MANAGEMENT

- 62 storage systems with 2,100-litre plastic tanks for domestic as well as farming and livestock use.
- 191 people trained in the efficient use of water and the management of solid waste (45,000 kilos of waste collected).

- A deep well was drilled in the community of Charito (municipality of Albania).

SUSTAINABLE PRODUCTION SYSTEMS

- Five tonnes of food grown, valued at COP 16,614,600.
- 2,200 kilos of bio-prepared products produced.
- 45 species of food crops grown.

ECOSYSTEM CONNECTIVITY

- 36 preliminary voluntary agreements on conservation of areas and implementation.
- Five community plant nurseries built: four for conservation purposes and one for commercial sales.
- Sale of 8,044 plants for a revenue of COP 36,198,000.
- 1,200 plants planted in riparian buffer zones along Pupurema Creek.

WATER GOVERNANCE

The goal of this component is to provide communities with tools for management so that they are responsible for water solutions. Therefore, we formed 28 committees, achieving the following in 2017:

- Training 21 participants in the production and marketing of nursery plants through the SENA.
- Strengthening seven local committees.
- Launching a community association in La Horqueta (municipality of Albania), generating income for 12 families.



Participation in Access Solutions

At Cerrejón, we work to aid in physical access to water for Guajiran communities by: implementing suitable technologies for the collection, storage, distribution and treatment of water; strengthening the population's skills in its use and maintenance; and comprehensive participatory management to promote sustainability of these systems.

In 2008, our Foundations System created a specific line to support handling water challenges, which crosscuts throughout our management to improve access to water and develop solutions that respect ethnic diversity and indigenous culture, prioritizing projects with indigenous and rural communities.

Access to water for Guajiran Communities

Since 2014, we have contributed to access to water for these communities through various actions.

- 19 deep wells with an extraction system, storage and animal trough.
- 1,643 water tanks delivered (500, 1000 and 5000 litre sizes)
- Distribution of 89 million litres of drinking water to our neighbouring communities using a tanker wagon on our mining train and truck tankers to transport the water to
- the delivery points agreed upon with communities.
- Repair of 106 windmill-driven water pumps, providing about 2.8 million litres of water a day.
- Building 14 traditional small reservoirs (jagüeyes) in areas with extended seasonal droughts.

Water supply and treatment solutions				
SHORT-TERM INITIATIVES				
INITIATIVE	BENEFICIARY COMMUNITIES	LITRES OF DRINKING WATER DELIVERED IN 2017	LITRES OF SAFE WATER AVAILABLE PER DAY	
Distribution of water	162	24,000,000	-	
Repairing windmill-driven water pumps	27	-	1,166,400	
MEDIUM-TERM INITIATIVES				
INITIATIVE	NO. OF SOLUTIONS	LITRES OF SAFE WATER PRODUCED DAILY	LITRES OF DRINKING WATER PRODUCED DAILY	STORAGE CAPACITY (LITRES OF WATER)
Solution well + extraction + storage + animal trough	2	30,000	-	40,000
Optimization of current systems	3	20,000	80,000	295,000
Comprehensive supply solution	1	In 2017, we implemented Phase II – Sanitation Infrastructure		
TOTAL	6	50,000	80,000	335,000

CHALLENGES AND OPPORTUNITIES



Continue to carry out responsible, informed and collaborative mining that can significantly contribute to La Guajira's challenges in water security.

Wherever possible, replace the use of high-quality water in our operations.

Contribute to creating knowledge (especially locally) about La Guajira's reality in regard to access to water in order to identify solutions deriving from the diversity and know-how of different actors and points of view.

Comply with the maximum allowable discharges established in Resolution 0631 of 2015.

Dust Suppression in the Operations

Air quality is a fundamental issue for us given the nature of our open-pit mining operation, which has the potential to cause particulate matter emissions into the air. This material, commonly known as dust, occurs mainly during activities involving hauling and the removal and handling of overburden, topsoil and coal.

Consequently, we have focused on the design and execution of specific initiatives, plans and measures (together with state-of-the-art technology) contained in our air-quality management system. We thus assess, control, mitigate and monitor our operations' impacts with equipment in and outside our operations.

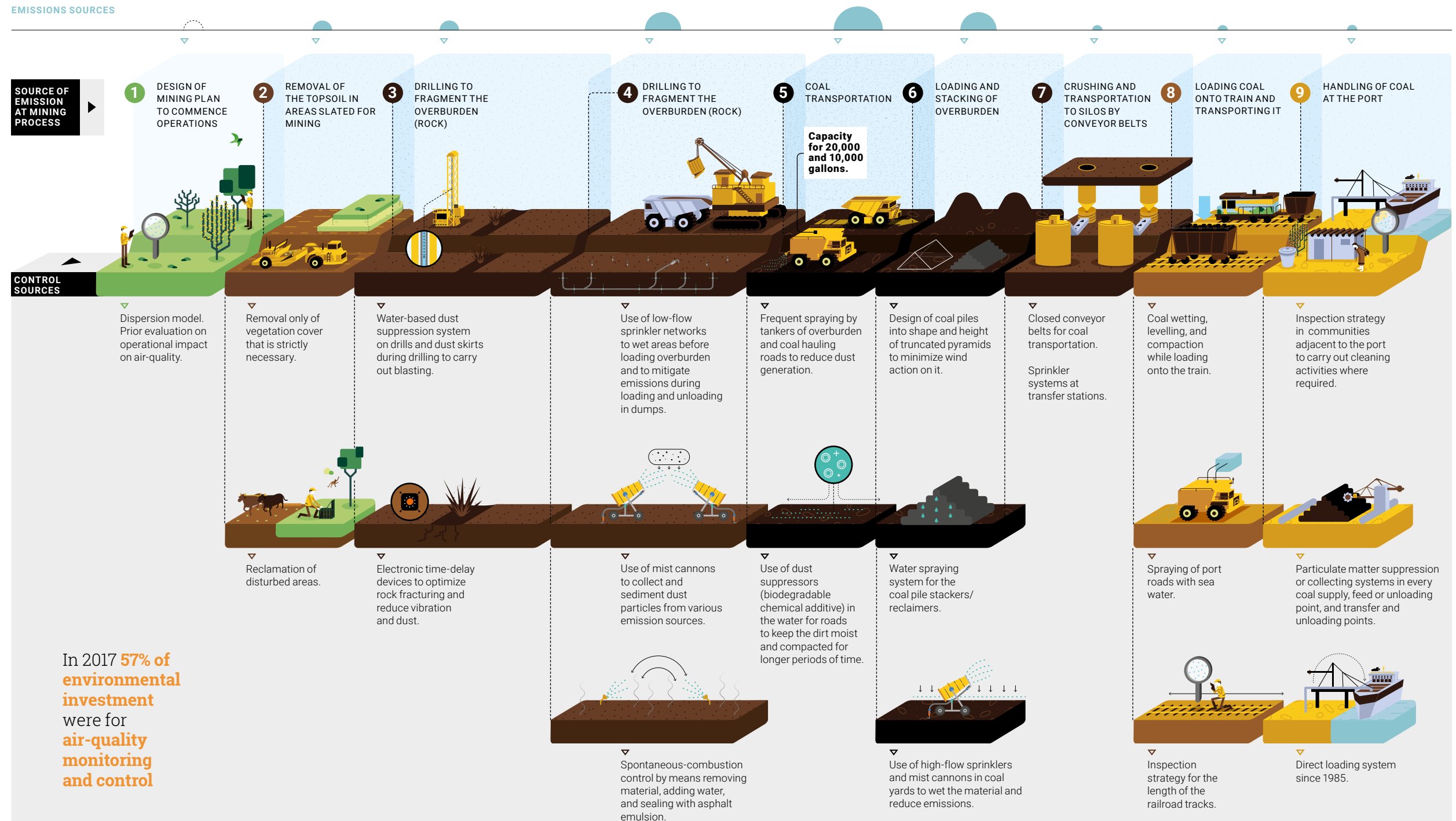
Our air-quality management system is continuously being improved as, year after year, we research and take actions aimed at strengthening our control of dust emissions in our operations. This system comprises a dispersion model, application of controls, a reactive forecast system, monitoring of emissions in outside areas and an environmental oversight committee.

All our sprinkler systems in our particulate matter control systems use low-quality water not fit for human consumption or for agriculture or livestock and come from coal seams and runoff in the mining area.

Emission Sources and Control Actions

Each mining plan is evaluated with a mathematical air dispersion model that predicts emissions generated by the operations and dust concentrations in surrounding communities based on planned volumes of rock and coal, topography and historical meteorological data. The model results determine the required

control measures, which can even include changes to the mining plan (such as suspending operations in a specific area if needed). Below we present our emission sources in the mining process and each of the controls used to prevent and mitigate air emissions.



In 2017 57% of environmental investment were for air-quality monitoring and control

Air Quality Predictive and Reactive Measurement System

To supplement our air dispersion model, we use a real-time (meteorological and scheduled air quality) predictive and monitoring system comprised of internal stations located on the fringes of our operations and external stations in the nearest downwind communities.

INSIDE THE OPERATION

We have eleven stations that allow the real-time measurement and visualization of the concentration of suspended particles under 10 microns (PM10) and wind direction throughout the entire operation, and an early alert system for taking immediate measures so as to avoid affecting any worker and communities in the area of influence of the operation as well as to ensure and verify the operations control level and guarantee our compliance with environmental laws.

EXTERNALLY

We have a network of sixteen sampling stations located in the area of influence of our operations at the mine, the railroad and the port, which enables us to verify (based on regulatory standards) that there are no impacts on the health and well-being of our neighbours. At these stations, we measure total suspended particles (TSP), 10-micron particulate matter (PM10) and meteorological variables. These have historically indicated our regulatory compliance with the parameters in this subject matter. For 2018, we hope to supplement the system with the necessary means to measure 2.5-micron particulate matter, as per Resolution 2254 of 2017, which shall be enacted as of January 1, 2018.

In addition, concentrations of nitrogen oxides (NOx) and sulfur oxides (SOx) are monitored internally and externally every two years in compliance with legislation. The results of this monitoring indicates that the values for these parameters pose no risks to the health of our neighbouring communities.

Our **air-quality monitoring network** is one of the **largest** of its kind in the country.

CHECKING AND MONITORING

The results of our air-quality management process are reported to the competent environmental authorities:

1. The Ministry of the Environment and Sustainable Development.
2. The Regional Autonomous Corporation of La Guajira.
3. The Air Quality Information System (SISAIRE, its acronym in Spanish).

Additionally, our results are constantly verified:

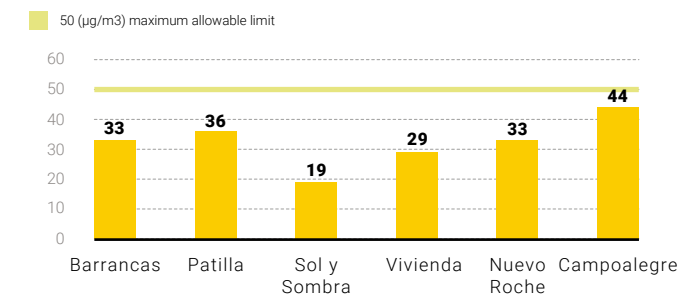
1. Internal and certification audits on our integrated management system, based on ISO 14001-2004.
2. Inspections by environmental authorities to ensure compliance with our air-quality plans and controls.
3. Air Quality Oversight Committee which, in the course of 2017, became the **Environmental Oversight Committee** with the participation of representatives from our neighbouring communities, Corpoguajira (the regional environmental authority) and the University of La Guajira. This committee is entrusted with following up on the application of control measures and monitoring results, and participates in finding opportunities to improve the process.

Results at the Mine

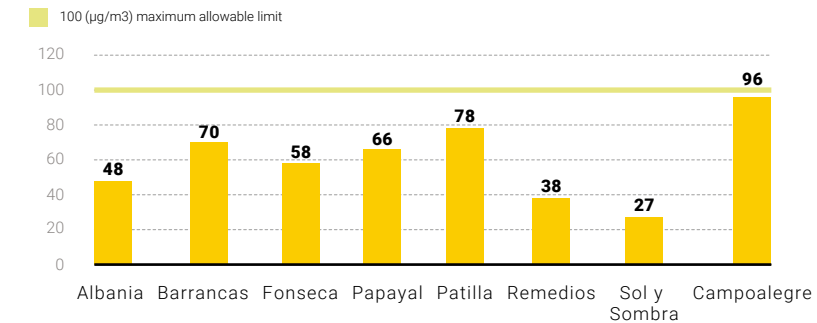
Although the station at Provincial has measurement records dating back to 2003, as of July 6, 2017, members of the community have hindered the entry of Cerrejón and Corpoguajira to the monitoring site. In spite of this, we have followed up on the effects of these operations on air quality by monitoring in real time at the edges of the mining front near the reservation and validating the

dispersion model for 2017 by estimating the results. Finally, we requested that the National Ombudsman's Office and Corpoguajira mediate in order to restart the measurements, and through engagement we obtained permission to enter up until March 5 of 2018. Consequently, the data cannot be compared to the yearly standard.

PM10 MONITORING RESULTS AT THE MINE (µg/m³)

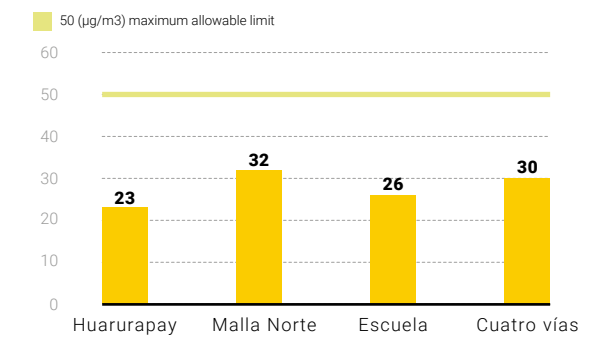


PST MONITORING RESULTS AT THE MINE (µg/m³)

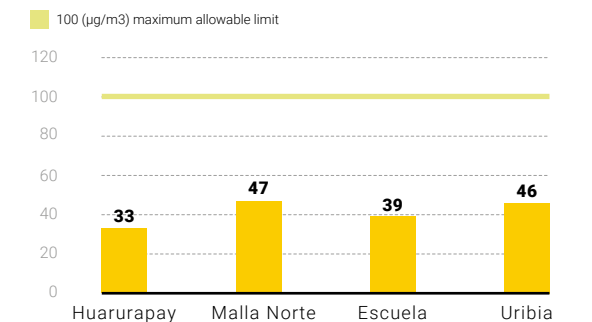


Results in Puerto Bolívar

PM10 MONITORING RESULTS AT THE PORT (µg/m³)



PST MONITORING RESULTS AT THE PORT (µg/m³)



The specific conditions and risks at the operations in Puerto Bolívar led the company to devise an additional risk forecasting system based on a predictive model at the IDEAM's weather forecasting station.

CHALLENGES AND OPPORTUNITIES



Comply with the most restrictive limits established in the new Colombian air quality standard (Resolution 2254 of 2017).

Continue reinforcing particulate matter operation controls through the implementation of new technologies or improvements to the current processes.

Continue implementing real-time forecasting and follow-up strategies on the various air quality-related aspects.

Carry out continual monitoring on PM 2.5 according to the guidelines in the new air quality standard.

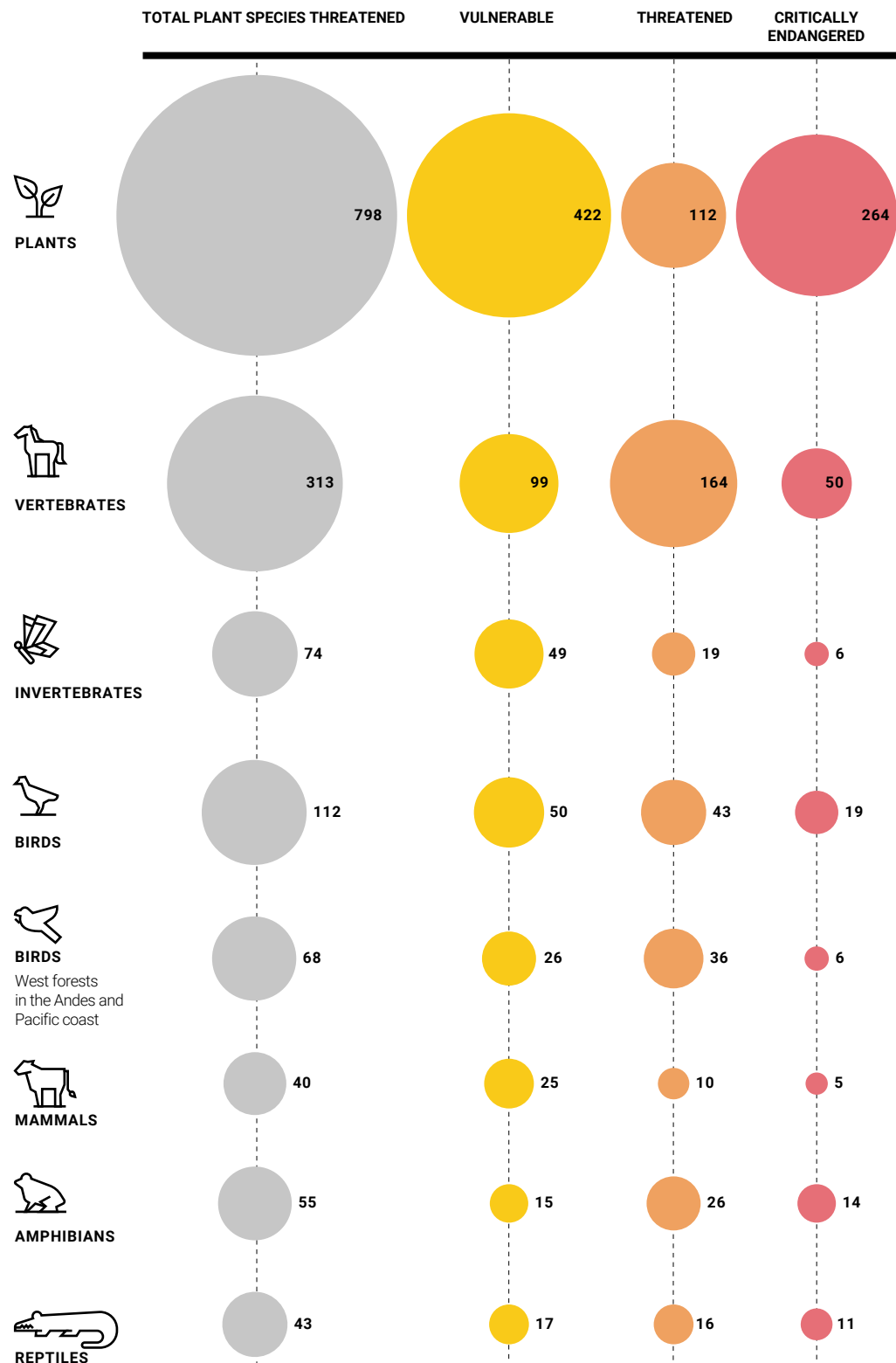
Continue working on empowering the communities in air quality management.

Biodiversity protection and preservation

Colombia is the second most biodiverse country in the world and recognizes the importance of learning and preserving species as well as ecosystems, in line with conservation efforts in other countries such as Brazil, Ecuador, Venezuela, Chile and Argentina.

Research conducted by the Humboldt Institute in 2017 indicate that Colombian biodiversity has dropped on average 18% in the last few decades due to extensive agricultural and livestock activities, deforestation, illegal mining, unlawful crops, vehicle traffic, hunting, and urban and industrial expansion. In addition, according to the Red Books of Colombia, Resolution 092 of 2014, and the criteria set forth by the International Union for Conservation of Nature (IUCN), it is estimated that close to 1,200 animal and plant species are threatened in Colombia, as follows:

During the **wildlife monitoring** performed between 2016 and 2017, we found more than **540 animal and plant species** at our operations.



LIFE ON LAND
GOALS: 1/5/6/8

Biodiversity at Cerrejón

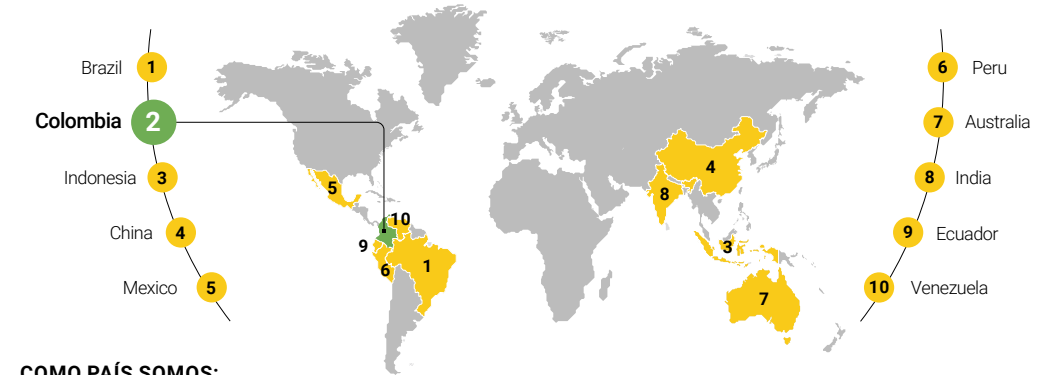
With a 69,000 hectare mining concession area (of which 14,188 hectares have been intervened), Cerrejón is located between two protected areas, the Serranía del Perijá and the foothills of the Sierra Nevada de Santa Marta, bordering the Ranchería River (where various streams converge), resulting in an area with a very high biological value for Cerrejón.

In this zone, shrub cover and recovering fragments of dry tropical forests predominate, being one of the three ecosystems that are the most degraded, fragmented and least well known, with only 5% of the original covering estimated at 80,000 km². In addition, different ecosystems from gallery forests to desert scrublands coexist in the area, creating a unique biodiversity.

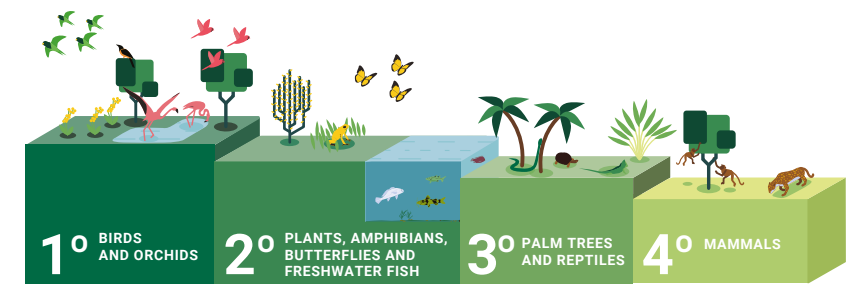
Due to their ecosystemic value, at Cerrejón we seek a sustainable interaction between wildlife species and our operations, evaluating our impacts and establishing operational measures that include actions to improve the connectivity of ecosystems and wildlife relocation programs.

The decrease and deterioration of ecosystemic services and the loss of biodiversity reduce the economic and social system's ability to ensure the availability of food, human health, air supply and the availability of potable water. Consequently, it has been our commitment, since the start of our operations, to establish clear policies targeting the mitigation, control, and compensation of impacts caused in the mining

BIODIVERSITY IN THE WORLD



COMO PAÍS SOMOS:



process life cycle, as we recognize that our challenge does not only reside in the production and export of the best-quality coal, but also in the generation of well-being for our surroundings and our communities.

Therefore, prior to starting our operations, we carried out studies to learn about this region in great detail and identify possible environmental impacts in order to devise management plans to prevent, mitigate and compensate the effects of our current operations. Our strategies include wildlife monitoring and tracking, biodiversity management and environmental compensation activities

Thanks to the resources assigned to the research and monitoring of ecosystems in La Guajira, we have been able to analyse the species in their natural environment. This revealed that in this area there are Type I High Conservation Values (HCV), which indicates the presence of threatened, endangered, endemic and migratory species with a large number of individuals and viable populations, which confirms that the ecosystems within and around the mining complex offer substantial resources for the survival of these species.

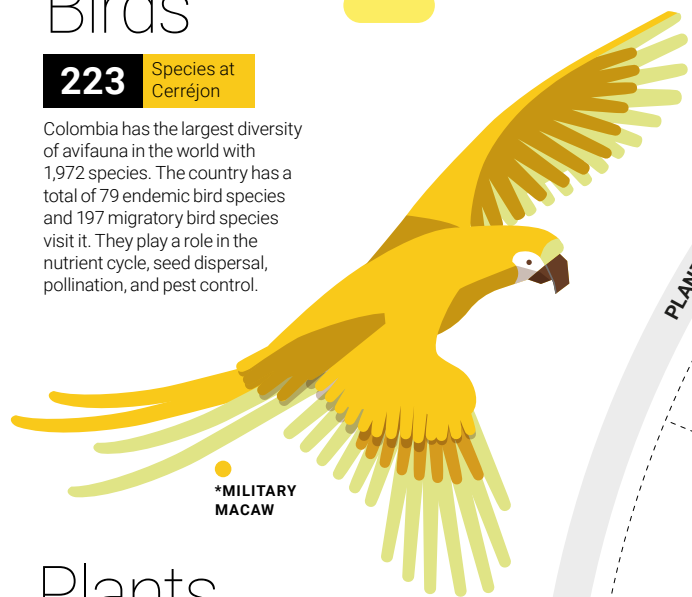
In 2017, we found 24 animal and plant species whose habitats are located in areas used by Cerrejón. These species appear on national (Colombian Red List, Resolution 0192/14) and international (IUCN Red List) lists.

FOR MORE INFORMATION, WE INVITE YOU TO TAKE A LOOK AT THE BIODIVERSITY BOOK AVAILABLE ON OUR WEBSITE AT WWW.CERREJON.COM

Birds

223 Species at Cerréjon

Colombia has the largest diversity of avifauna in the world with 1,972 species. The country has a total of 79 endemic bird species and 197 migratory bird species visit it. They play a role in the nutrient cycle, seed dispersal, pollination, and pest control.



*MILITARY MACAW

Plants

198 Species at Cerréjon

Each plant species in the Cerréjon valley ecosystems is of great importance since a lot of animal species depend on these plants for their diet and protection.

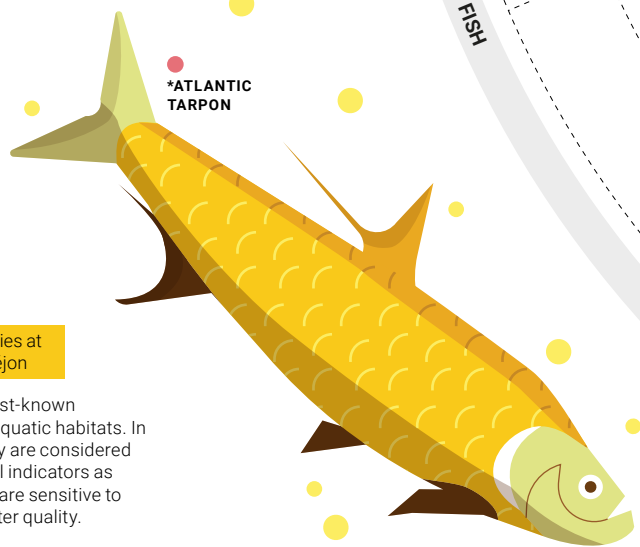


*VERAWOOD

Fish

29 Species at Cerréjon

Fish are the best-known organisms in aquatic habitats. In La Guajira, they are considered to be biological indicators as these animals are sensitive to changes in water quality.



*ATLANTIC TARPON

Mammals

47 Species at Cerréjon

The mammals in La Guajira are one of the most important groups in tropical ecosystems because they play a key role in maintenance and regeneration.



*JAGUAR

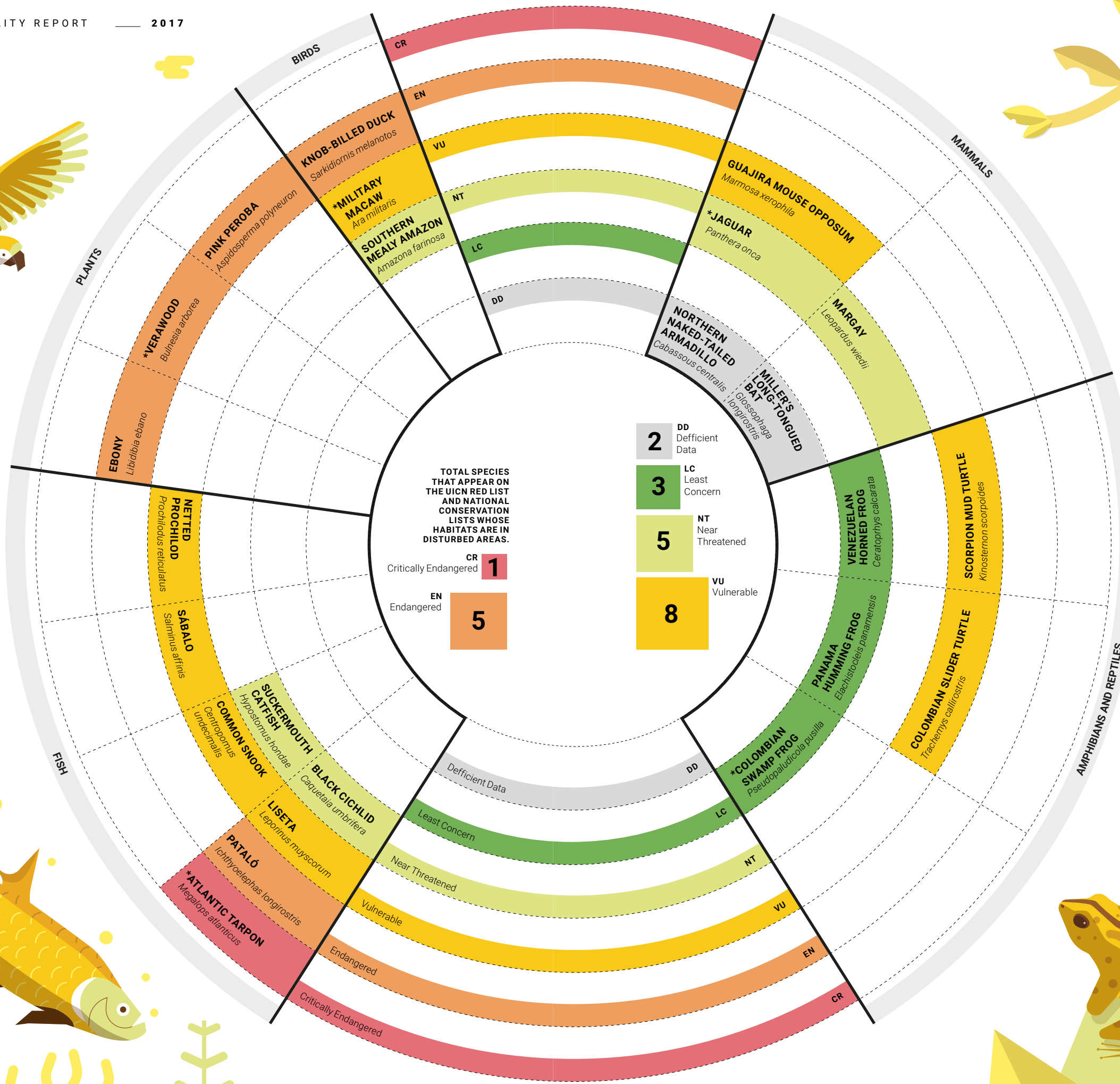
Amphibians and reptiles

45 Species at Cerréjon

Due to their terrestrial and aquatic life cycles, amphibians are considered to be good indicators of overall environmental health. Therefore, the presence or absence of these animals in certain ecosystems may reveal its conservation status.



*COLOMBIAN SWAMP FROG



Biodiversity Management

At Cerrejón, we are implementing different strategies that contribute to the preservation and growth of plant life, successfully facilitating the return of wildlife species that have gradually been settling into the area such as the grey brocket, giant anteater, oncilla, red-footed tortoise and jaguar. These initiatives involve the monitoring, tracking and rehabilitation of wildlife as well as the conservation of protected areas.

WILDLIFE MONITORING AND TRACKING

Principal Objective. Determine the state of conservation of the different ecosystem units and reception sites of displaced wildlife, recording information about shelter availability, food supply, habitat quality and more. By monitoring different populations in the Tabaco, La Puente, Palomino, Bruno, Paladines and Cerrejón creeks, the Ranchería River, Mushaisa offset area and the Aguas Blancas-Manantial rehabilitation zone, the degree of effectiveness of mitigation measures is established and new strategies are proposed to minimize the impact of human activity.

Actions. We are analysing the composition of the species, their abundance, diversity and spatial-temporal distribution in populations of amphibians, reptiles, birds and mammals. The monitoring program proceeds in parallel with rescue and relocation processes in which (prior to mining), an expert team identifies and captures low-mobility animals for their immediate relocation to conservation or

rehabilitated areas suitable for their proper development.

Results. We have logged the presence of five jaguars in areas adjacent to the mine, which is an indicator of the recovery of the tropical dry forest's ecosystem.

WILDLIFE REHABILITATION AND CONSERVATION

Principal Objective. Undertake wildlife rescue strategies prior to mining and in the nearby community as well as rehabilitation, release and various conservation strategies for threatened species in the region with the participation of local communities.

Actions. Our Wildlife Refuge Centre functions as a temporary home to various animal species that need to be attended to in optimal conditions. A multidisciplinary team of biologists, veterinarians, and assistants work to properly care for the animals, their recovery and long-term survival options. This rehabilitation avoids animal suffering due to human causes and reintroduces healthy animals into their natural habitats. Through the Centre, we are making the community aware of the impacts caused by the illegal possession, poaching and trafficking of wildlife in the region.

Results. We have rescued 41,000 animals since 2007. In the last year, we have doubled the number of rescued animals with respect to 2016 and achieved a 96.7% success rate in their relocation. These results are explained by the drought conditions in 2017 due to which various fish species (most in danger of extinction) needed to be rescued. In 2017, we rescued 5,710 individuals and rehabilitated

302 reptiles, 178 birds and 28 mammals. Moreover, we received 1,500 calls for the donation or rescue of animals from the community.

VOLUNTARY CONSERVATION PROGRAMS

1. Our conservation program for sea turtles (*Caretta caretta* and *Chelonia mydas*) has been underway for eight years in Bahía Hondita (Alta Guajira) alongside the community and under the supervision of the regional environmental authority (Corporación Autónoma Regional de La Guajira). 2.3 kilometres of beaches are currently being conserved, allowing for the arrival, nesting and hatching of sea turtles. In the last few years, more than 6,800 specimens have been released into the sea.
2. In the American Crocodile (*Crocodylus acutus*) protection program, an infant section at the Wildlife Refuge Centre receives crocodile specimens to raise and protect them until they are large enough (in both size and weight) for their release into the wild. Three nest management strategies were implemented: habitat or nesting area enrichment, transfer of broods at risk of loss and protected incubation.

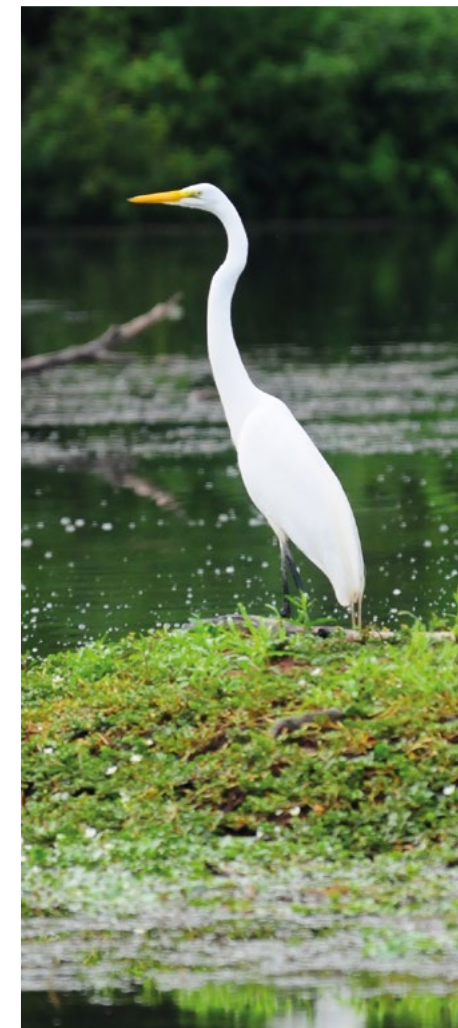


PHOTO BY: Cortesy of Fernando Trujillo - Fundación Omacha



THREE EUROPEAN RACCOONS WERE RESCUED IN PUERTO BOLÍVAR

Three years ago, two raccoons arrived from Europe one evening and immigrated to Puerto Bolívar. They were only seen by an operator who, while attempting to catch them, lost their trail when they escaped on the beach. The identified raccoons are of a species native to North America, but since the 20th century have spread throughout Europe. For several years, their footprints were seen in different parts of Puerto Bolívar without anyone being able to find them. "In an attempt to rescue an alligator in a Puerto Bolívar lake, while walking and looking for their footprints, we all of a sudden saw four eyes observing us in the middle of an old cement structure, covered with

sand in the middle of the beach," recounts Luis Madriñan, superintendent of Biodiversity and Land Reclamation at Cerrejón. The eyes were from those two raccoons, who for three years resided under the structure and went out only in search of food like small shells and mollusks. The biggest surprise was discovering during the rescue that the two raccoons from Europe had had another one raised in Colombia. The three animals were rescued and brought to the Cerrejón Wildlife Refuge Centre. Corpogujira was immediately informed in order to perform medical and genetic tests on them in order to determine the best place for them to be released.

HOWLER MONKEY, ADOPTIVE MOTHER

In 2016, people from the neighbouring community of Los Remedios contacted us to inform us that a female monkey was being held in captivity in the garden of a house and was in poor condition. The community delivered the monkey to us, noting that she had been tied to a tree with multiple fractures and had been biting her arm because of the pain. The monkey was transferred to the Wildlife Refuge Centre for recovery and care. She had been experiencing so much pain that she was pulling off pieces of her skin with her month. Unfortunately, her arm had to be amputated as there was a high risk of infection. However, thanks to her strength to survive, she managed to gradually recover. A few days later, we were contacted by the National Police, who had confiscated five howler monkeys being illegally trafficked and who were transferred to the Wildlife Refuge Centre for recovery. The five monkeys were younger than the female monkey who was already at the Centre and, over the next few days, it was incredible to see how she adopted those five small monkeys. She helped raise and care for them, creating a family, until they were old enough for their soft release to be started. This process starts with the opening of the cage's doors, which permits the animals to feel safe while they leave and explore. The monkeys adapted very well and managed to join a group of howler monkeys residing near the Wildlife Refuge Centre. This is one of the few successful cases in which a population of monkeys that were raised and cared for in captivity has successfully returned to their natural environment and become a part of a group of wild monkeys.



Protected Areas

Main Goal. The mid-basin of the Ranchería River contains important connectivity and core areas that comprise biological corridors for many species and, undoubtedly, significant connections between forest patches that are fundamental for sustaining wildlife. Connectivity and communication between these isolated forested areas in the Cerrejón Valley are of vital importance for all national and international conservation protocols since both the Perijá and the Sierra Nevada are ecosystems with High type-II Conservation Values (HCV), sheltering populations of species subject to high probability of extinction. Therefore, our main objective is to

preserve and protect conservation areas.

Actions. We have contributed to the declaration of more than 60,000 hectares of protected areas in the region, seeking to ensure the preservation of ecosystem services in this region in partnership with Conservation International, the Caribbean Environmental Heritage and Corpogujira. These areas include the Forest Reserve of Montes de Oca, the delta and lower basin of the Ranchería River and Bahía Portete National Park.

Results. Declared protected areas where Cerrejón has worked for their conservation:

1. The Lower Ranchería River Basin Comprehensive Management

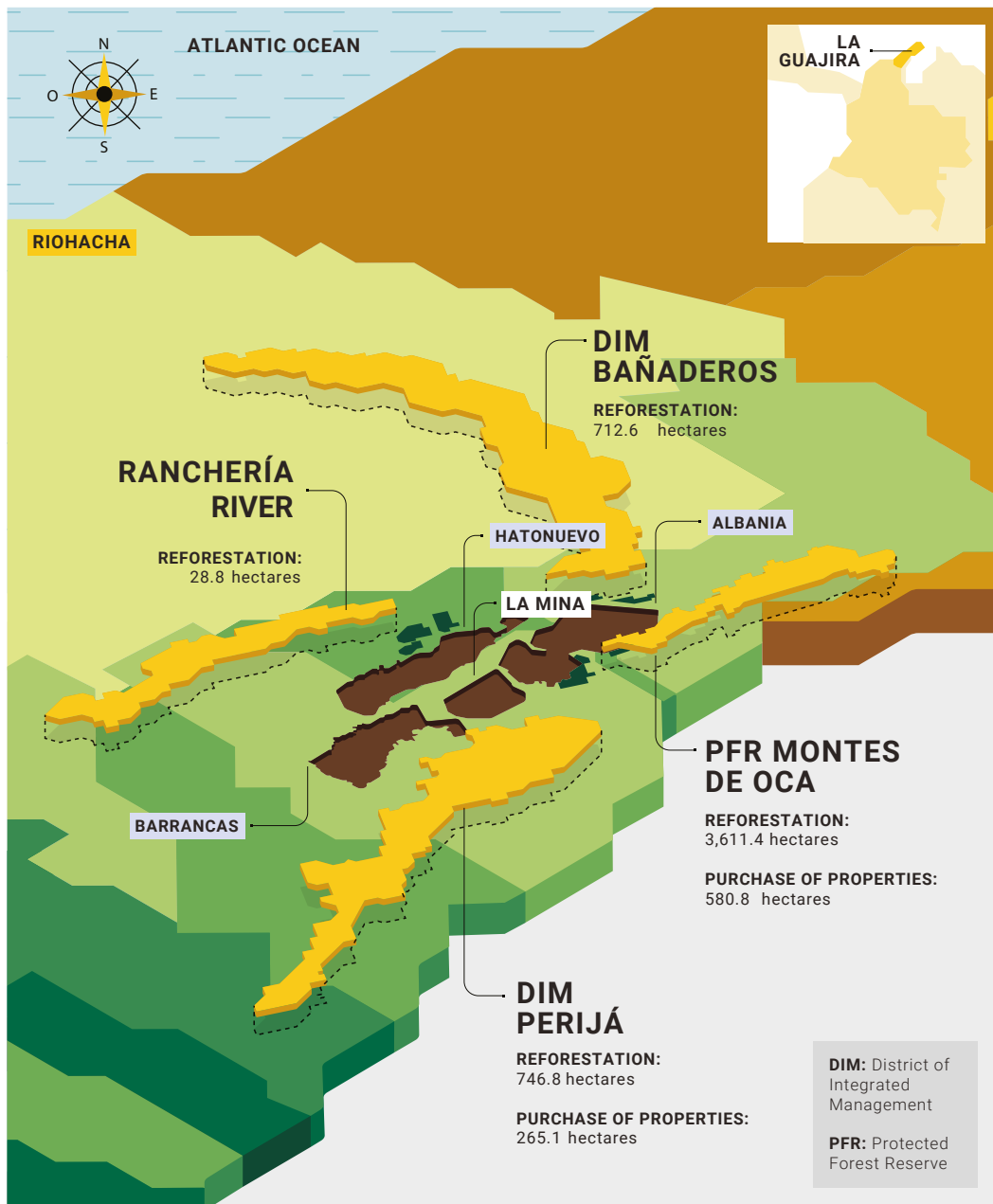
District, with 32,443 hectares in the municipalities of Riohacha, Manaure, Maicao and Albania.

2. The Ranchería River Delta Comprehensive Management District, with 3,601 hectares in Riohacha.
3. Bahía Portete National Nature Park, with 14,079 hectares in the municipality of Uribia.
4. Montes de Oca, with 12,294 hectares. The first private civilian conservation reserve (RUNAP) is in the process of being declared and will comprise 1,964 hectares. It comprises Aguas Blancas Santa Helena, with 1,651 hectares in Albania and Hatonuevo and 313 hectares in Mushaisa.

Environmental Compensation

At Cerrejón, we are committed to complying with compensation for the loss of biodiversity, which is why we filed our Compensation Plan with

the environmental authority in 2017 to go forward with our main objective of ensuring that environmental impacts are offset through actions to restore, improve or preserve an equivalent ecosystem in places other than where the project is carried out.



CHALLENGES AND OPPORTUNITIES

To continue with the process of declaring two protected areas in the department of La Guajira (the Ranchería River Delta, and a transition zone of the tropical dry forest in the municipalities of Albania, Riohacha and Maicao.)

Construction of artificial offset lagoons to improve the biodiversity of fauna and flora.

Three Decades of Land Restoration

Since we began our operations, our Land Reclamation program has been a management measure for the effects of forestry exploitation, required to start the mining process. With this program, we have transformed areas of the mining operation (pits more than 200 metres deep) into areas covered by species of trees typical of the region, where we have identified the presence of several species of wildlife that are indicative of the quality of the soil.

About the Process

This process covers a set of activities that are the product of teaching and lessons learned over years of continuous experimentation and validation in the field. Practical work and accumulated experience have shown that it is possible to transform deep pits (where open-pit coal mining was carried out) into areas suitable for the establishment and maintenance of restored ecosystems.

Our Land Reclamation Plan aims to rebuild the terrestrial ecosystem of the areas intervened by the mining operation (mine, dumps and facilities) in such a way that its dynamics, structure and ecological functions are sustainable, and that its new status (in terms of production of environmental services) is similar to or better than that which existed before mining began.



1 PRIOR TO MINING

- ▶ Classification of soils and relocation of wildlife.
- ▶ Achieving this goal has required hard work and the commitment of a team of more than 150 people who, prior to the start of operations, identify and relocate animals present in the area to other previously-assessed areas.



2 SOIL PRESERVATION

- ▶ Deforestation, removal and preservation of topsoil.
- ▶ We remove and store the topsoil (commonly known as the organic layer), which is the fundamental basis for restoring the lands that were used for mining operations.



3 COAL MINING

- ▶ Removal of overburden and coal extraction.

LAND PREPARATION

4

- ▶ Reconfiguration of lands and formation of new soils.
- ▶ We gradually carry out land preparation, a process that ranges from smoothing the slopes to control erosion, to ploughing and scarification of the areas. This practice allows us to plant seeds for buffel grass, a plant from Africa whose function is to fix the carbon and stabilize the soil to make way for the incorporation of native shrub and tree species.



SOIL STABILIZATION

5

- ▶ The scattered topsoil layer becomes a suitable medium for plant growth.
- ▶ Pioneering coverage is started with seeds and rapid-growth plants adapted to this climate and the regional soils. These plants will serve to protect against water erosion and to improve the soil.



RE-VEGETATION

6

- ▶ Biological diversification.
- ▶ By restoring the shrub and tree plant cover, we improve the cycles associated with ecosystem services in the areas under rehabilitation. These expand progressively and are incorporated into natural ecosystems to produce mature forest with possible areas for conservation.



POST-MINING

7

- ▶ Mature forests, protected areas for conservation.
- ▶ We have planted more than 1.6 million trees of 40 native species (10 of them threatened to some degree). Brazil nut, quebracho, divi-divi, tecoma spectabilis, ebony, oak, acacia, yellow poui and Panama redwood are just some of the species that are planted and form part of the tropical dry forest ecosystem.



Results

We have managed to reclaim 3,789 hectares to date, which corresponds to 93% of the land where we have already completed the extraction of coal. Of this area, 3,703.4 hectares have been stabilized (sown with grass) and another 2,909.3 have been revegetated (trees planted).

In these areas, the preservation and development of plant life have contributed to the return of wildlife species such as the red gray brocket, the anteater, the oncilla, the red-footed tortoise and the jaguar. They are joined by a wide variety of species of birds, insects, amphibians and reptiles (some threatened to some degree), which are included in the Colombian Red Book of the Humboldt Institute, and on the red list of threatened animals in South America of the International Union for the Conservation of Nature (IUCN).

▶ **FOR MORE INFORMATION, SEE THE CHAPTER ON PROTECTION AND PRESERVATION OF BIODIVERSITY.**

This shows the state of health and balance of the areas that are being restored and close to being declared biodiversity protection and conservation areas. We are working together with the Autonomous Regional Corporation of La Guajira (Corpoguajira) and the National Environmental Licensing Authority (ANLA) to this end.

Sustainable Agri-Silviculture Rural Production Program



For more than 10 years, we have been promoting the Research and Application Program for Sustainable Agri-Silviculture Production Systems, whose goal is to promote the fight against poverty, land degradation and desertification of areas occupied mainly by Wayuu indigenous communities.

With this project, we have achieved the massive production of crops that provide food security for

inhabitants, promoting increased land productivity and the empowerment of regional communities.

We have achieved the following goals in these ten years in which more than 150 people have participated in the project:

1. Improvement of soil quality indicators in more than 70 hectares.
2. Production of more than 50 tonnes of food (beans, watermelon, ahuyama squash

and corn) by communities seeking food security.

3. Increased land productivity by improving the physical, chemical and biological properties of the soil.
4. Strengthening communities' understanding and knowledge transfer on sustainable agricultural practices.

CHALLENGES AND OPPORTUNITIES



Our challenge is to continue expanding the number of hectares to be rehabilitated annually until 2033, and thus gradually close the mining cycle..

6 | Socio-economic strategy



Our lessons learned over 30 years in operation have led us to understand that our viability and sustainability are linked to those of this region. We have used social programs to benefit our neighbouring communities since the start of our operations. However, over the years, we have transformed our business vision to incorporate our interest and intention of being a strategic partner for La Guajira's development. This commitment to the future of La Guajira is tied to promoting projects that contribute to decreasing development gaps, where the State, non-governmental organizations, the community and the private sector all join forces to envision, structure and execute impact initiatives to allow the region to drive its own development in the medium- and long-term. Our social engagement is delimited by high standards and responsible practices, as well as by significant engagement with our stakeholders. These pillars guide our performance in order to build trust, support the implementation of a shared vision of the region's future and manage our operational impacts. Beyond responding to expectations and obligations, constructive and participatory engagement allows us to contribute to improving the population's standards of living and La Guajira's development.

We propose to contribute to overcoming the main challenges facing the department. Therefore, we have focused on watershed protection and access to water by communities, strengthening community and institutional skills and developing strategic projects in sectors with the potential for development (such as tourism) in order to generate a positive impact on regional conditions. To learn more about watershed protection and access to water by communities.

100% of our programs are aimed at the communities in the area of influence of our integrated operations

▶ SEE THE CHAPTER "WATER IN MINING ACTIVITY".

(Mine, Railway, Port) in partnership with State agencies and various civilian organizations, taking into account the relevant topics identified jointly during our ongoing engagement with communities.

In 2017, we invested **COP 24.156** billion in our social programs. Over the last 15 years, this investment has exceeded **COP 250 billion**.

The Prospective Agenda for La Guajira 2026 is the result of talks between civil society, businesses, the United Nations Development Programme in Colombia (UNDP), the local think tank (Guajira 360°), and regional public bodies including the regional government of La Guajira, the Regional Guajira Public Ombudsman, the regional environmental authority (Corpoguajira), the Chamber of Commerce and the regional National Apprenticeship Service (SENA) to define a shared vision of the department up to 2026. The exercise was headed by TRUST and identified the following agenda objectives: Consolidate the department's economic model with diverse competitive and sustainable sectors, build an educational model to strengthen Guajiran human resources, take advantage of its multicultural heritage and its geostrategic location, and improve the efficiency of its public, political and administrative structure.

Social Intervention

Strengthening institutional capabilities

We work for the development and sustainability of the department of La Guajira by strengthening the capabilities and skills of regional public bodies, planning agencies, social organizations and leaders, and civil society.

- Five municipalities supported: Barrancas, Hatonuevo, Maicao, Uribia and Manaure. Of these,

the three latter have exceeded the department average (58.3) in the Comprehensive Performance Index.

- 321 civil servants supported and trained.
- 45 civil servants certified in public-investment project planning.
- Support given to planning for nine (9) projects: seven (7) were approved by the OCAD, one of

them regional and municipal for a total of COP 11.829 billion.

- We signed an agreement with the Comptroller's Office of La Guajira to promote citizen oversight and social monitoring of strategic investment projects and compliance with the 2016–2020 Development Plans for the municipalities of Barrancas, Hatonuevo and Albania.



Strengthening community capabilities

We strengthen capabilities in project planning and self-administration in order to empower indigenous and non-indigenous associations neighbouring our operations.

- 200 people from four indigenous reservations and two settlements participate in our programs.
- Certification of 41 people in investment project planning focused on logical frameworks.
- Support in project planning for nine (9) participating groups.
- Seven community participation events held to present and validate projects planned.
- Training of 74 people in the General Royalty System and 30 in organizational strengthening.

In order to contribute to improving the quality of life of indigenous communities, we concentrated on strengthening the traditional Wayuu production system through programs in food security and artisan strengthening.

- In partnership with the World Food Programme (WFP), our Foundation has contributed to the recovery and improvement of the traditional production system of over 580 people from 28 indigenous communities in the region.
- In the last nine years, over 90 artisan groups and 3,067 Wayuu and Wiwa artisans have improved their artisanal work through projects coordinated with partners such as Artesanías de Colombia.

Business strengthening

Our goal is to strengthen the capabilities of suppliers in La Guajira to improve their quality, safety, efficiency and competitiveness; open them to the demand for goods and services in the region; and have them contribute to the region's socio-economic development.

▶ TO LEARN MORE, SEE THE CHAPTER "SUPPLY CHAIN."

We undertook a **supplier-development program** that concluded its first phase in 2017 with the participation of 21 companies..

Social investment sector programs

Our programs in education, culture and sports aim to strengthen our engagement with our neighbouring communities; complement formal education; develop the capacity of children and youths to establish healthy, constructive relationships; promote a healthy body, mind, and emotions; create healthy lifestyle habits; and reduce the consumption of alcohol and drugs in youths and adults. Some highlights of our results in 2017 include:

EDUCATION

At Cerrejón, we support educational reinforcement in the region through scholarships, grants and programs to promote the technical and professional training of Guajirans and thus improve their employability, both with our company and other regional and national businesses. We have contributed to the university or vocational training of over 12,000 young people.

TecnoGuajira. In 2012 we founded the TecnoGuajira Institute of Vocational Studies for vocational and human

development in the department. This institution (the only one of its type in the department) and its programs have an institutional quality certification, granted by Centro Latinoamericano de Certificación. We believe that this strategy contributes to the region's development, closing existing gaps in order to improve the future outlook with the hope that these young people can provide La Guajira with the knowledge and good practices acquired during their training. Since its launch, 1,024 students have enrolled and 579 have graduated, mainly in programs



for mining equipment operation and maintenance.

In addition, 11 students from the community of Los Remedios were provided support, graduating thanks to the secondary school validation program; 35 students from Campo Herrera and 230 from the Akuaipa Indigenous Boarding School participated in our educational reinforcement program for basic skills; and 108 students from our neighbouring communities received support for access to higher education. Another 106 students were also supported through the Cerrejón Educational Fund (run by Lumni Colombia) in its various types of sponsorship.

CULTURE

- The Cerrejón Symphonic Orchestra held five concerts in La Guajira for over 3,000 audience members.
- 430 children participated in our music program, 64% more than the previous year.

SPORTS

- 70 communities (700 athletes and their families) actively participated in the football tournaments sponsored by the company.
- We coordinated 15 football tournaments in our neighbouring communities.

COMMUNITY INFRASTRUCTURE SUPPORT

- We donated a 4,500 m² property in downtown Albania for the construction of infrastructure for the Police, Cultural Centre

and House of Justice, which are priority projects in the municipality's development plan.

HOUSING IN URIBIA

- We made progress in building the last two houses in the Uribia town centre as part of the construction and handover of 21 houses for the Malla Sur communities (Piulekat and Piuula). They will be finished and delivered to these communities in 2018.



Strategic Projects

Our goal is to promote a prosperous future for La Guajira through development partnerships for strategic projects for economic and social transformation.

4 VÍAS TOURISM MARKET

A plot of land was provided to start construction on an open-air tourism market to provide a safe, organized area to offer tourism products and services. The necessary permits and resolution are already in hand.

GUAJIRA 360°

In 2016, we took part in the formation of the Centre for Regional Studies Guajira 360° (the first think tank for regional development) in partnership with Promigas and with the additional support of Fundesarrollo and the La Guajira Chamber of Commerce. The Centre's goal is to generate reliable, pertinent technical data to build a local critical mass to impact economic and social development. This initiative celebrated its first year in operation in 2017 with its first publication: Why Invest in La Guajira. Our aim is to position the think tank in decision-making to benefit development in La Guajira.



PROSPECTIVA FASE II

Various actors from the public and private sectors and communities have joined us to try to define and share a plan of action for the La Guajira prospective agenda, thinking about how we want it to be in the next 10 years from a standpoint integrating its political, economic, social and cultural conditions. In the second phase, the goal is to advance in appropriation of the document agreed on in the first phase and to build its plan of action.

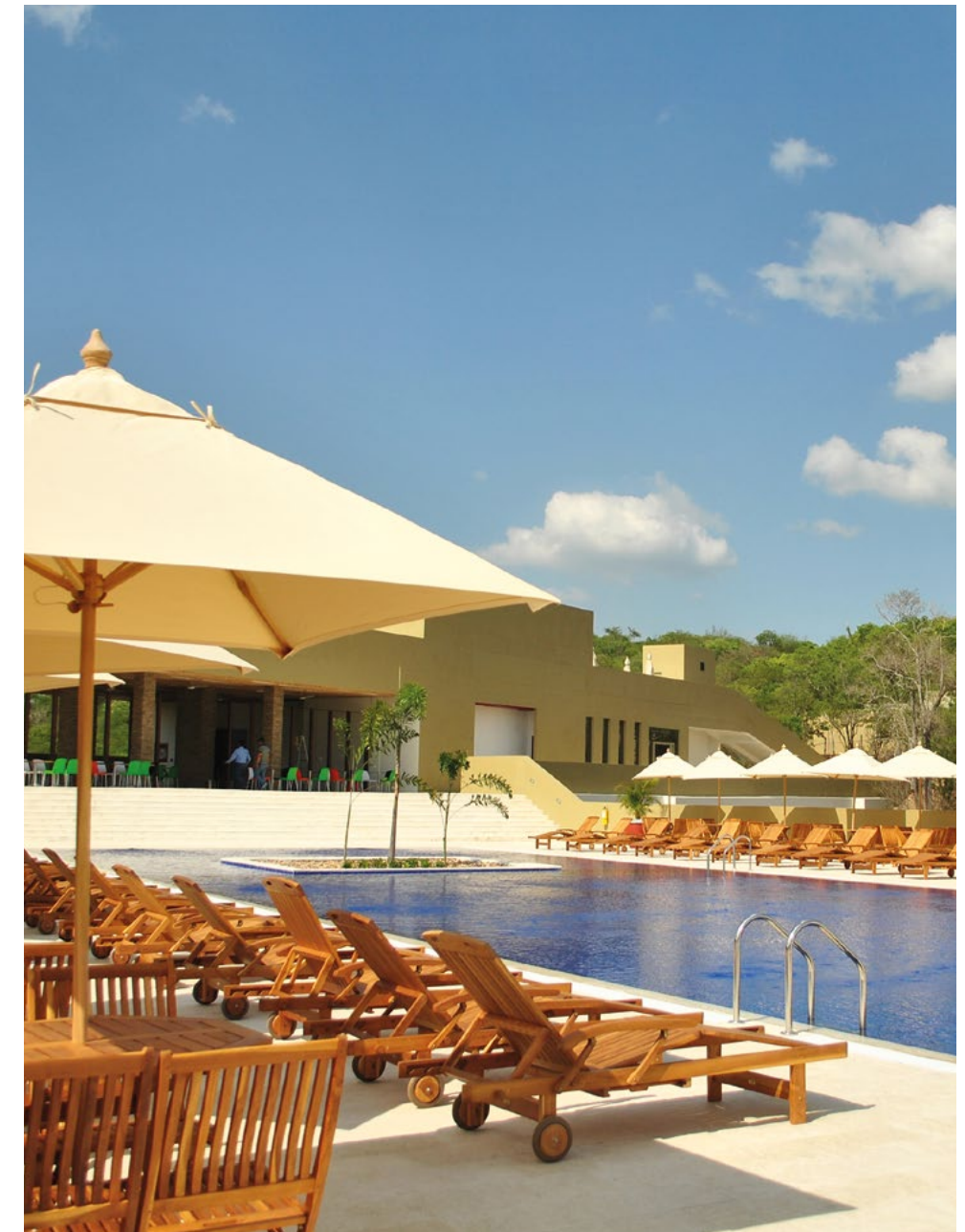
SUPPORT FOR RIOHACHA LIBRARY

Donation delivered to support the construction of a computer room in the Riohacha public library.

HOTEL WAYA

In 2013, we inaugurated the Hotel Waya Guajira, resulting from an agreement amongst the companies Abacus, Contempo, Inversor and EGSA. It is the first four-star hotel in the region that is LEED certified (Leadership in Energy and Environmental Design). The hotel has hosted over 80,000 guests since its opening, promoting a flow of tourists through the region. In addition, it has generated formal employment, mainly for Guajiran natives (82% of staff in 2017) and has contracted regional suppliers for more than 40% of its goods for 2017.

Our objective is to tie in tourism initiatives developed by communities with the tours offered by the Hotel Waya to promote tourism, employability and strengthening of community economic development.



Cerrejón Foundation: A Year of Transition and Integration

In 2017, we took on the challenge of fusing our four foundations into a single organizational structure – the Cerrejón Foundation for Progress in La Guajira. This foundation brings together the more than ten years of experience of a team committed to contributing to the development of La Guajira through actions to jointly identify work strategies focusing on the most pressing regional needs so that the communities lead the required transformations.


Therefore, we work on projects aimed at preserving ancestral indigenous traditions, seeking sustainable solutions for water access and conservation, strengthening the capabilities of institutions, communities, businesses and the Wayuu traditional production system, and promoting strategic projects that generate new investment and employment in the region.

Since 2008, our Foundation has allocated COP 96 billion to our programs with the support of various partners who share our vision and vocation of contributing to the development of La Guajira.

PARTNERSHIPS

In 2017, we generated over 18 partnerships to strengthen our social investment projects in La Guajira. This year, we had greater involvement in philanthropic initiatives benefiting the Wayuu indigenous communities. Our project portfolio has 12 initiatives, of which we managed to leverage 59% of the total resources invested as well as sourcing resources for other projects totalling USD 1.8 million in third-party co-financing.

CHALLENGES AND OPPORTUNITIES



Support municipalities in urban planning (as part of our institutional strengthening programs) so that their development is aligned with the region's goals for the future.

Contribute to making the business units of companies participating in our business strengthening program more robust and launch the second edition, which seeks to attract new participants.

Promote our Artisanal Reinforcement Program through a potential partnership with Artesanías de Colombia. This agreement will allow us to drive artisan production and marketing, and provide the possibility of getting an appellation of origin for the products. These steps contribute to leveraging the sector and achieving a better standard of living for the communities involved in this activity.

Manage better coordination of our interventions and centralization of efforts to contribute to the department's development after combining our Foundations System into the Cerrejón Foundation for Progress in La Guajira.

Strengthen engagement with our stakeholders (especially with our neighbouring communities) in the search for significant, quality dialogue to acknowledge each other in this region and build a long-term vision together.

Achieve long-term investment plans by working on prioritization with the communities and authorities neighbouring our operations.

Enable the commitment of various actors in the region's future development through high-impact initiatives that include the coordination of partnerships around structural solutions to existing local problems.

Achieve our involvement in the mechanism of Works for Taxes, which is an opportunity to finance large infrastructure projects benefiting the department and raising the visibility of the company's commitment to the region.

Resettlements

Since 2009, we have carried out participatory resettlements with four communities: Roche, Patilla, Chancleta, and Las Casitas. Furthermore, in 2006 we began the resettlement of Tamaquito II, an indigenous community that itself requested relocation from the Barrancas Mayor's Office, arguing they were becoming isolated due to the relocation of the other communities.

The relocation of a family from their original site of residence to an agreed-upon destination site is a measure of last resort that we take to protect a community from environmental impacts that could affect them due to mining activity. Our main challenges in this process are to contribute to improving the standard of living, conservation of their

social fabric and the relationship with their natural surroundings.

The resettlement process involves an action plan agreed upon with the entire community and following the guidelines of the World Bank's International Finance Corporation (IFC).

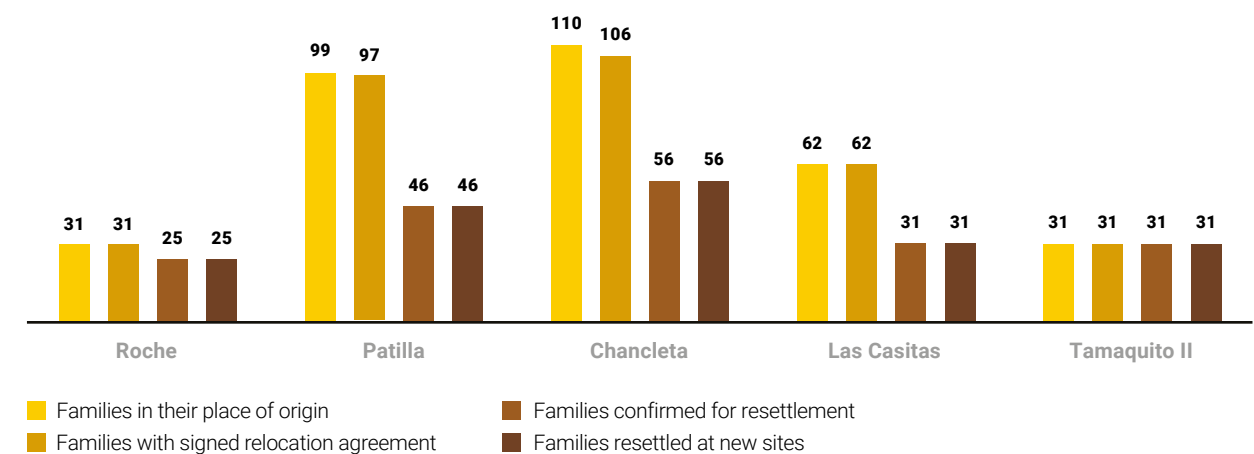
Results

- Availability of 100% drinking water in line with the highest indicators (WQRI – water quality risk index for human consumption) for resettlements. The results are even higher than for various regional capitals in the country. This claim is based on the water-quality analysis results issued by the Nancy

Flórez Laboratory, which is accredited by the IDEAM.

- Relocation of 100% of the families who were at the sites of origin.
- Repairs to 50% of the houses in the resettlements of Patilla, Roche and Chancleta in a management model that was agreed upon, coordinated and participatory.
- Progress in providing irrigation infrastructure for the provision of water for production projects in the communities of Roche, Patilla and Chancleta.
- Consolidation of the educational process for resettled communities, with the participation of over 330 people.

STATUS OF RESETTLEMENTS IN 2017



ROCHE

- The last family was relocated to the destination site in 2016. The programs laid out in the resettlement agreements are currently in course for the relocated families.

PATILLA

- All the families that signed in 2016 were relocated in 2017.
- All the families (46 families eligible for relocation were relocated in 2013) continued to receive the programs laid out in the resettlement agreements.

CHANCLETA

- After the agreement reached in the prior consultation, the conclusion of agreements with five families not eligible for relocation are pending.
- Of the total families eligible for relocation, 38 collectively moved to the new site in 2013 and nine decided on their own to move to other municipalities.
- The nine additional families that participated in the prior consultation relocated individually.
- Of the relocated families, one family has been taken off the list as its only member passed away before the relocation.

LAS CASITAS

- All of the families (31) were relocated in 2017.

TAMAQUITO II

- We continue to implement the agreement signed in 2016 regarding income generation. We are advancing in the process to have it constituted as an indigenous reservation.
- All of the families collectively relocated to the new site in 2013 and, to date, continue to receive the programs set out in the resettlement agreements.



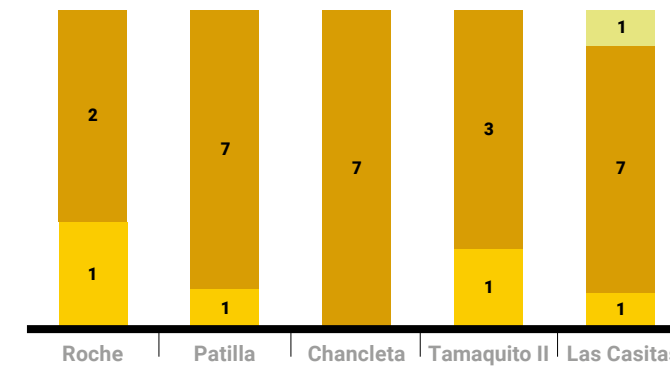
Results of Post-Resettlement Programs

EDUCATIONAL ASSISTANCE

We provided support to people in gaining access to vocational, technological and higher or advanced education as our contribution to developing their abilities.

BENEFICIARIES OF EDUCATIONAL AID IN 2017

■ Technological/Vocational ■ Professional ■ Specialisation



Thirty-one (31) people entered the educational assistance program for 2017 to finance enrolment costs and living expenses for their vocational, technological and professional studies in national educational institutions.

Thirty-six (36) members of resettled families completed their studies through this program in 2017.

EDUCATIONAL STRENGTHENING

This program, currently in its fifth year, seeks to develop the skills and abilities of children to achieve high performance levels in their schools, with an eye towards increasing their chances of gaining access to higher education.

The program has promoted social mobilization amongst children, young

people, adults, parents and the general community centred on educational activities. Over 280 children from the five communities participate in the program's strengthening skills in school subjects, ICT, art and culture, early childhood and special projects.

One of the most significant achievements in 2017 is the rise in the average passing rate for students to 92%, an increase of 20% over 2016. This advance represents a decrease in the number of over-age students required to repeat grades, especially in the Tamaquito II community. It also motivates students to keep moving ahead with their education, as they pass their courses and can continue on to the next grades.

INFRASTRUCTURE

With the goal of improving the living conditions of resettlement housing, we signed three infrastructure agreements in 2016 and 2017 with the communities to carry out repairs on the homes. These agreements included the repairs for 75 of the 109 homes that form part of the Patilla, Chancleta and Roche communities.

- In 2017, we signed 50 individual settlement agreements for repairing homes in the Patilla, Chancleta, and Roche communities.
- The owners of 46 homes were satisfied with the repair work.

We shared the message of being responsible for taking good care of their properties in the context of the written agreements. With the formal delivery notice of satisfaction, the community action boards gave each family recommendations regarding use, regular preventive maintenance and conservation to guarantee the quality and longevity of the repairs.



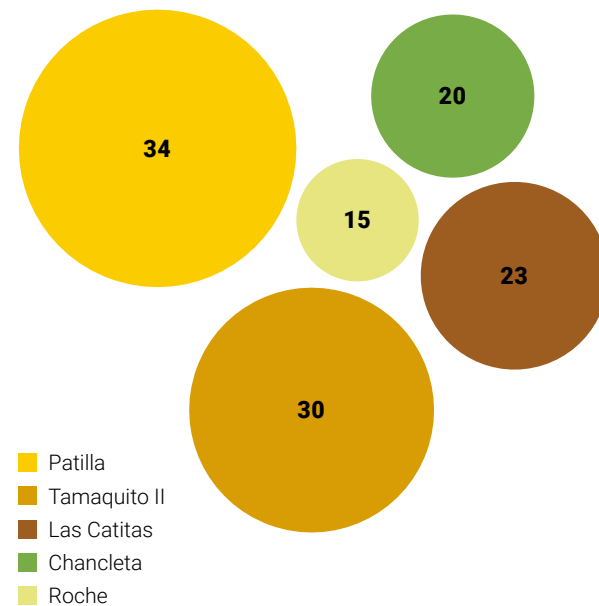
**CREATING INCOME
(PRODUCTION PROJECTS)**

We continued managing production projects with 179 resettled families in 2017. Throughout this process, we have supported 163 families in undertaking 203 production projects, of which 122 are now active and 81 still pending.

WATER FOR HUMAN CONSUMPTION

- We supply drinking water through the community public services company Asoawinka RPC, who operate the drinking water treatment plant (PTAP) and the wastewater treatment plants (PTAR) in each of the resettlement sites.

NUMBER OF PROJECTS MONITORED



- The 2016–2017 cooperation agreement with Asoawinka RPC includes operation of the present infrastructure by the municipality and the evaluation of connecting these communities to the municipality's aqueduct system in the long term.
- We are evaluating different alternatives for improving the present PTAP in order to supply water fit for human consumption to the communities from the surface water source of the Ranchería River and improve the water quality (especially its hardness and taste).
- During the upgrading works on the PTAP, we supplied water to the resettled communities with tanker trucks, coordinating with Asoawinka RPC.
- We continue to analyse the drinking water at Cerrejón's laboratory and an outside laboratory accredited by the IDEAM (Institute of Hydrology, Meteorology and Environmental Studies).
- We obtained a favourable health authorization for the surface water license from the La Guajira regional Secretary of Health.
- The license for surface water of 81 litres per second from the Ranchería River will also be used on the lands of jointly owned properties in undertaking agricultural and livestock projects by the resettled families.

WATER FOR PRODUCTION PROJECTS

2010	<ul style="list-style-type: none"> • Implementation of provisional irrigation system (motor pump on banks of the Ranchería River) for use in agricultural and livestock activities in Roche. • Design of definitive model for supplying water to all properties of resettled families.
2012	<ul style="list-style-type: none"> • Construction of infrastructure interrupted due to disagreements by leaders of the communities over technical specifications of project.
2014	<ul style="list-style-type: none"> • Agreement with communities to resume the work and continue implementation of the project.
2015	<ul style="list-style-type: none"> • Construction of water collection intake on banks of the Ranchería River. • Repair of two reservoirs with capacity of 5,000 m3. Rebuilding of main water supply pipelines, with the reservoirs filled by the end of 2016.
2017	<ul style="list-style-type: none"> • The irrigation system has been finished to supply water to 109 properties in the communities of Roche, Patilla, and Chancleta.

CHALLENGES AND OPPORTUNITIES

Connection of these communities to the municipality's sewage system in the long-term.

Implementing a comprehensive development strategy for resettlements with the aim of restoring their livelihoods (income generation, education, employability, etc.)

Complete agreements with owners of 11 uninhabited properties in Patilla and Chancleta.

Complete improvements in the drinking water plant and distribution system for the Roche, Patilla, Chancleta and Las Casitas communities.

Move ahead on the home repair process with the 25 families with whom we signed agreements for repairing the homes.

7 | Preparation for mine closure



Mineral resources are finite, so the closure of mining operations is inevitable. Planning for closure is a critical business practice for mining companies that must be considered from the initial design phase of the operation. This enables the company to minimize adverse impacts in the best possible way and maximize positive impacts for all stakeholders.

With our Mine Closure Plan (MCP), we are making a commitment to planning and defining the actions necessary for the gradual, systematic closure of the mine in compliance with legal requirements and voluntarily adopting international practices. The intention is to close down, anticipate and compensate socio-environmental liabilities derived from our operation. We are moving ahead with progressive closure actions simultaneously with our mining operation, as detailed in our MCP and other measures included in our Environmental Management Plan.



Mine closure planning

With the intention of responding efficiently to the increasingly demanding challenges and environmental requirements both nationally and internationally, we are identifying organizational adjustments made in the Environmental Management area. These actions also address and act on the recommendations detailed in the updated 2016 MCP and the need to assemble a team for planning the MCP. We created a new Superintendency of Environmental

Sustainability, responsible for the strategic direction of the closure and developing the mine closure plans in line with the current phase.

Since we will be finishing the preliminary phase in 2018 and entering the draft phase in 2019, the planning over the last year has been targeted at this transition period. It has been facilitated by the methodological support of personnel from one of our stakeholders, Anglo American, a company with extensive experience in planning and carrying out mine closures.



Carrying out the progressive closure

It will take place continuously as part of the operational phase until the halt of all operations with the end of the mining contracts (2034).

LAND RECLAMATION

We brought our profile of long-term reclamation of affected areas up to date, based on the mining plan currently in effect. We continue to

reclaim land, keep financial records for the reclaimed areas, and the amount of topsoil stored. This year we added 115 hectares of reclaimed lands to bring the cumulative total to 3,789 hectares that are constantly monitored.

▶ SEE MORE INFORMATION ABOUT THIS EFFORT IN "THREE DECADES OF LAND RESTORATION"

WATER MANAGEMENT

We continued building the network of drains around the perimeters of dump sites, pits, backfill zones and coal piles to divert rainwater and clean runoff water as the mining operation advances. We are moving ahead with building settling ponds to retain water drainage from reclaimed dump sites, which act as sedimentation reservoirs prior to the water's return to surface bodies of water. We began the construction of structures for handling runoff water in reclaimed dump sites.

▶ SEE MORE INFORMATION ABOUT OUR EFFORT IN: "WATER IN MINING ACTIVITY."

BACKFILL ZONES

In 2017, we disposed of 36% of the total annual volume of waste rock in backfill zones. Our new mining plan makes maximum use of backfill zones to reduce the need to affect new areas required by dump sites.

SPONTANEOUS COMBUSTION CONTROL

We continue engaging in actions related to the identification, monitoring and control of fires, with inventory updated twice a year. For 2017, our goal for preventive control encompassed a surface area of 114,000 m². But we surpassed that goal, reaching 128% by protecting an area of 146,343 m². We are going ahead with a research project with the faculty of Mining at the National University of Colombia based in Medellín to increase understanding of the spontaneous combustion process and identify new methods for effectively controlling it.

SOCIAL INVESTMENT PROGRAMS

We are moving ahead with implementing our social performance strategy, in line with responsible standards and practices, giving priority to closing the commitments reached with our communities.

▶ SEE MORE INFORMATION ABOUT OUR EFFORT IN "SOCIO-ECONOMIC STRATEGY."

COMMUNICATION AND INFORMATION

We presented our preliminary mine closure plans to the labour leaders of Sintracarbón in the collective bargaining process, where we received and resolved their concerns.

COMPENSATION

We developed and presented to national and local authorities the compensation plans required for different resolutions and administrative actions. Some of them were approved in 2017 and we began executing them accordingly.

Final closure (0–5 years)

We will finish up all administrative and operational activities in the closure process. We will formally hand over the areas and infrastructure to the Colombian state.

Post-Closure (5–15 years)

We will verify the effectiveness of the actions taken through monitoring, verification and documentation.

Premature Closure

Closing of mining project before the planned date due to unpredicted financial, legal, judicial, environmental or social restrictions.

CHALLENGES AND OPPORTUNITIES



Planning

- Formalize and create the mine closure group in the Environmental Management department in 2018.
- Update the MCP, moving from the preliminary level to draft stage, with advisory assistance

by an international contractor with extensive experience and familiarity with the Anglo American methodology in order to include the best international practices and greater detail.

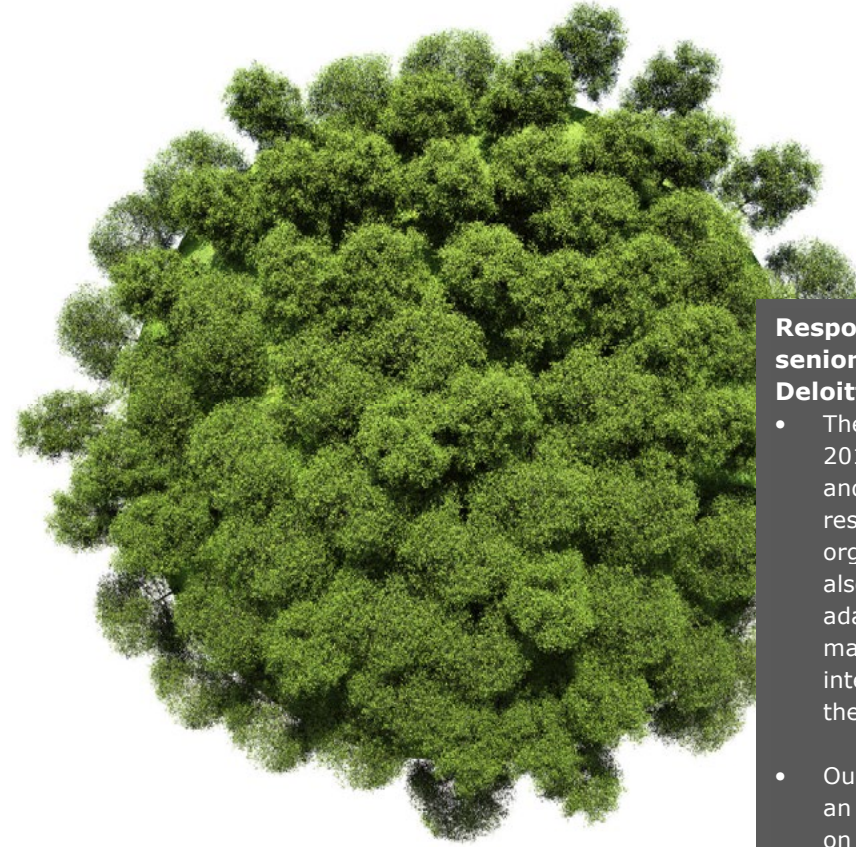
Execution

We face challenges on different issues in formulating the progressive closure measures. We summarize the most relevant issues, which are aligned with the recommendations and actions in the preliminary closure plan currently in effect:

- **Land reclamation and water managements.** Reach the levels of land reclamation established in the updated long-term plan, increasing from 100 hectares to 500 hectares reclaimed per year, including carrying out the work for managing runoff water. Act on changes to the mining plan that may require updating the long-term reclamation plan.
- **Spontaneous combustion control.** Devise new pilot tests for monitoring in order to find more effective control methods to avoid combustion.
- **Mine area.** Maximize the disposal of waste rock in backfill zones to reduce the number of new areas needed for overburden disposal. Continue with studies and analysis of the long-term geotechnical stability of areas affected by the mining area, especially for the Patilla Pit.
- **Social investment programs.** Define methodologies to evaluate the impact of our performance to measure its effectiveness and the long-term sustainability of our social involvement.
- **Communications and information.** Due to the updating of the closure plan, the engagement and communications plan will be updated, integrating it into the company's social strategy, creating mechanisms for participation that include government organizations.
- **Compensaciones.** Carry out the offset plan for loss of biodiversity according to the time schedule. This plan considers the compensation for all actions Cerrejón may perform until the end of its operation. The time frame for carrying it out extends beyond a five-year window.



Third-Party Review Memorandum



Responsibilities of Cerrejón senior management and of Deloitte

- The preparation of Cerrejón’s 2017 Sustainability Report, and its contents, is the responsibility of the organization. The company is also responsible for defining, adapting, and maintaining the management systems and internal control from which the data is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared exclusively for the organization in accordance with the terms in our service proposal. We do not accept any responsibility from third parties other than the company’s senior management.
- Our work has been carried out in accordance with the standards of independence required by the ethics code of the International Federation of Accountants (IFAC).
- The scope of a limited review is substantially lower than that of an audit. Therefore, we provide no audit opinion on the sustainability report.

Third-Party Review Memorandum

Third-Party Assurance of Cerrejón’s 2017 Sustainability Report

Third-Party Review Memorandum

Third-Party Review Memorandum

Third-Party Assurance of Cerrejón’s 2017 Sustainability Report

Scope of our work

We have reviewed the conformity of Cerrejón’s 2017 Sustainability Report contents to the guidelines for the preparation of the Global Reporting Initiative’s Sustainability Reports (GRI Standards).

Assurance standards and processes

This work has been carried out in accordance with the ISAE 3000 International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work has comprised asking questions of management and of the diverse areas of Cerrejón that have been part of the preparation of the 2017 Sustainability Report and applying certain analytical procedures and review tests by sampling as described below:

- Interviews with Cerrejón personnel to learn about the principles, systems, and management approaches used to prepare the report.
- An analysis of how (based on the materiality exercise) the contents, structure, and indicators in the report are defined, in accordance with the suggestions in the GRI methodology.
- Assessment of processes for gathering and validating data presented in the report.
- Verification using review tests based on the selection of samples of the quantitative and qualitative information corresponding to the GRI indicators and their own indicators included in the sustainability report and its appropriate compilation based on the data supplied by Cerrejón’s sources of information. Visit to Cerrejón’s operations in La Guajira to verify the information in the respective material topics.

Confirmation that Cerrejón’s 2017 Sustainability Report has been prepared in accordance with the GRI standard (core option) following the guidelines.

Basic general contents

It was confirmed that the report is aligned with the requirements of the core option in accordance with the guidelines as regards basic general contents.



Deloitte & Touche Ltd.
Jorge Enrique Múnera D.
 Partner

Third-Party Review Memorandum

Basic specific contents

We reviewed the GRI management approach and contents for the following material topics¹:

Material topics	GRI contents and/or Cerrejón’s own indicator
Local procurement, strengthening suppliers and production chains in the region.	102-9. Description of the organization’s supply chain, including the main elements related with the organization’s activities, main brands, products, and services.
Ethics and good governance	Own. Claims presented, investigated, and closed in the year (on non-compliance with policies). Own. Due diligence of third parties.
Risk management	102-30. Effectiveness of risk management processes.
Engagement with community and contributions to improving their quality of life	Own. Operations in which programs have been carried out with the community and engagement.
Job creation and diversity	102-8. Information on employees and other workers. 401-1. Total number and rate of new hires and turnover by age, gender, and region. Own. Company’s senior management by gender and age.
Impact management in human rights	413-2. Operations with potential or real significant negative impacts on local communities. Own. Number of complaints received, closed, and in course Own. Supplier workforce audit. Own. Status of resettlements and main results of post-resettlements.
Responsible air-quality management	305-7. Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions.
Workplace well-being and occupational safety	403-2. Types of accidents and frequency rates of accidents, occupational diseases, lost days, absenteeism, and number of fatalities due to work accidents or occupational disease. 403-3. Employees with a high incidence or high risk of occupational disease. 401-1. Average hours of training per employee.

¹ *Topics: Strengthening suppliers and generating production chains in the region, improved quality of life of communities in the area of influence, and engagement with the community of La Guajira were not verified by Deloitte.

Third-Party Review Memorandum

Access to water and efficient use of water in the operation	303-1. Extraction of water by sources.
	303-2. Water resources significantly impacted by water withdrawals.
	306-1. Water discharges in terms of quality and destination.
Biodiversity protection and promotion (not a material topic)	304-3. Habitats protected or restored.
	304-4. Species on the IUCN Red List and national conservation lists with habitats in areas affected by operations.
Mine closure plan (not a material topic)	This topic was not verified in detail as it is under construction. However, we reviewed the context and management approach as concerns it.

Conclusions

Our review has found no aspect leading us to believe that the 2017 Sustainability Report contains any significant errors or has not been prepared in accordance with the guidelines for the preparation of Global Reporting Initiative core option reports.

Main observations and recommendations as regards the GRI and WBCSD² principles

Sustainability/Materiality Context

General Observations

There are changes in materiality from year to year, including changes not only in the topics but also in the associated indicators, which are a reflection of the assurance with relevant stakeholders for Cerrejón.

Recommendations

We suggest maintaining the names of the material topics to allow year-to-year comparisons and include indicators associated with climate change mitigation and adaptation. Furthermore, we suggest including climate change as a material topic given its global importance and the relevance of the appropriate management of its impacts.

Punctuality

General Observations

Although the report’s assurance process and preparation was more timely than last year, for the second consecutive year the report is being issued in the last quarter of the year, thereby losing its strategic value as a decision-making tool in sustainability.

Recommendations

We recommend strengthening and optimizing the report publication times so it can be used as a tool for management and decision-making for senior management and others in charge of the organization’s sustainability management.

² World Business Council for Sustainable Development.

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Commitments and Goals

General Observations

It should be stressed that Cerrejón has identified the most important challenges it faces concerning its material topics. In addition, we should highlight its commitment to complying with the Sustainable Development Goals and the 2030 agenda by identifying objectives prioritized by the mining sector and preparing the report based on that approach.

Recommendations

We suggest setting goals for the short, middle, and long term regarding material topic management in order to measure organizational performance and progress in sustainability management. This will allow an annual evaluation on targets exceeded or not met and establish related plans of action.

APPENDIX Declaration of Independence

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