



CERREJÓN'S SUSTAINABILITY

REPORT 2018



CERREJÓN'S SUSTAINABILITY REPORT 2018

CEO'S MESSAGE

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CEO'S MESSAGE

Our 2018 Sustainability Report is a reflection of our commitment to transparency and accountability with all our audiences. Since 2005, as part of our support for the United Nations Global Compact, we have presented this document, which is an expression of our interest in sharing Cerrejón's results and challenges in ten principles related to human rights, labour standards, the environment, and anti-corruption practices.

At Cerrejón, we are aware that climate change is one of the most important challenges faced globally. Our commitment with the planet has led us to participate in a responsible transition in which we undertake measures to contribute to emissions reduction. Throughout this process, coal will continue to be a significant source of global energy over the upcoming decades. Therefore, as a country we should take advantage of this window of opportunity and work to ensure our mining activity continues to generate benefits for Colombia and La Guajira.

The numbers of 2018 demonstrate it. We paid COP 2.1 billion in taxes and royalties, which represents nearly 1% of the country's budget for 2019 (COP 258.9 billion) and 42% of the total royalties and taxes generated by the mining sector as a whole. In addition, we employ over 12,000 people (directly and through our contractor firms), which translates into well-being for them and their families (more than 50,000 people). We also invested over COP 250 billion in social and environmental programs. We spent COP 76 billion on purchases and contracts from 155 locally-based suppliers in La Guajira. Furthermore, throughout our history we have supported the education of more than 17,000 children, youths, and adults (most from this department) with the goal of contributing to this region's growth and development.

In addition, hand in hand with over 1,200 people from 15 indigenous and farming communities, we developed an integrated catchment management program to preserve and restore the microbasins of six creeks (Pupurema, Bruno, Paladines, Majagüita, Cerrejoncito, and El Pasito). This work has opened the way to the production of over 2.1 tonnes of produce from annual species (corn, beans, cantaloupe, watermelon, and ahuyama squash), thereby improving food security for these communities by reducing their dependence on external markets.

In 2018, we were also part of the expansion of the Riohacha drinking water treatment plant via the mechanism of Works for Taxes, included in the last tax reform. This project will get underway in 2019 and is planned to increase water production by 100 litres per second for the residents of the capital of La Guajira.

These tangible results for both the country and this region have been possible with an operation adhering to recognized industrial, environmental, and social standards in the midst of a challenging environment that obliges us to be ever more efficient to overcome the trials of variable coal prices and an ever-shrinking demand in Europe, our natural market.

Moreover, nationally we are still bound by the limitations imposed by the courts restricting operations in the La Puente Pit, where mining would allow us to maintain the production volumes attained in 2018. In this zone, we undertook the partial modification of the course of Bruno Creek, a project approved by the competent environmental authorities. Currently, monitoring confirms the success of the course stabilization, with no risk to water availability or ecosystem equilibrium.



This project incorporated the best practices in ecological engineering in both its design and execution. It has been validated by international consultants and has already become a benchmark for similar projects worldwide. Today, we are awaiting the responses of an Inter-Institutional Roundtable comprising 17 regional and national entities tasked with clarifying the uncertainties pointed out by the Constitutional Court.

Despite this, 2018 was a year for which we should highlight positive aspects. Thanks to the work and commitment of all our workers, we met our volume plan with 30.7 million tonnes produced and 30.5 Mt exported, representing 3% of the world coal market.

A regrettable incident in 2018 was the death of our co-worker Carlos Roberto Urbina. This sad event has led us to analyse and improve our Fatal Risk Management

System to ensure we have the necessary measures in place to prevent a re-occurrence of this type of incident.

Finally, for 2019 we will continue to invest in creating and strengthening our partnerships with various actors in the region and the rest of the country (government, communities, the private sector, and social organizations) to work together for La Guajira. In addition, we will focus on making our company a catalyst for development for our people and a protagonist in building a better country.

CLAUDIA BEJARANO
CEO of Cerrejón



ABOUT THIS REPORT

CHAPTER

01

ABOUT THIS REPORT

(102-50) (102-52)

At Cerrejón, we publish our annual sustainability report with the aim of presenting our operation's performance in the social, environmental, economic, and good governance fields to our stakeholders. This report is our 14th sustainability report, issued yearly since 2005 as part of our commitment to transparency.¹

(102-1) (102-3) (102-5) (102-45)

This document presents the management and information of the companies Carbones del Cerrejón Limited (a 100% privately owned foreign company domiciled in Anguilla, British West Indies) and Cerrejón Zona Norte S.A. (a 100% privately owned Colombian limited liability company domiciled in Bogotá) (both henceforth Cerrejón) for the period of January 1 to December 31 of 2018.

(102-54)

The report was prepared by Cerrejón's Division of Corporate Affairs and Communications with the support of PwC and Transforma, following the guidelines of the Global Reporting Initiative (GRI) Standards, Core option.

Our 2018 Sustainability Report has been prepared keeping in mind all of our stakeholders with whom we engage on a day-to-day basis. They range from our neighbouring communities to government authorities, academic institutions, news media, and various organizations from civil society, the private sector, and the international community.

Report Preparation



All of Cerrejón's reports are available at www.cerrejon.com

To put together this report, we selected those material topics of greatest importance to our stakeholders and to the company, based on a materiality analysis described below. The report reflects our corporate values and ethics, as well as the link between our actions and Cerrejón's commitment to the development of our employees, La Guajira, and the rest of the country.

(102-10) (102-48) (102-49)

A corresponding explanation has been supplied in each section when it has been necessary to change the calculation formula or basis for an indicator compared to data reported in previous years, as well as any significant changes in the size, structure, shareholder ownership, or in our supply chain during the period examined.

In addition, as part of our continual improvement, we performed a Peer Review exercise for the second time. It was headed by the Colombian Business Council for Sustainable Development (CECODES, its acronym in Spanish) and aims to analyse and obtain feedback from benchmark peer companies on sustainability topics in our report and the consolidation process.

All of Cerrejón's reports are available at www.cerrejon.com

(102-53)

For more information, to clarify concerns, or to provide suggestions, contact us at the e-mail: contactenos@cerrejon.com

Materiality Analysis

(102-42) (102-44) (102-46)

We perform our materiality analysis in order to identify relevant operational issues that generate value for our stakeholders in the short, middle, and long term as regards risk perception and impact (in social, environmental, and economic terms), the sustainability context, and the exhaustivity principle.

The materiality analysis for 2018 was carried out in three phases:

Identification

In order to identify the set of material topics, we consulted 16 external sources that included: the National Mining Development Plan up to 2025 of the Mining and Energy Planning Unit (UPME, its initials in Spanish), the Development Plan of La Guajira 2017–2019, the United Nations Sustainable Development Goals (hereinafter the SDG), the sustainability reports of our shareholder companies (Anglo American plc, BHP Group plc, and Glencore plc), RobecoSAM's sustainability annual, the Dow Jones and FTSE4Good indices, and others. This step led us to establish a set of 20 potential material topics.

Prioritization

We classified and prioritized these potential material topics using different tools and participatory input, with the following being of note:

A survey for employees, contractors, communities, opinion leaders, authorities, and representatives from academia, for a total of 98 participants.

A workgroup at the Mine with 60 representatives from amongst our stakeholders, which led to ample feedback, and an analysis of topics reported in previous years.

Workshops with members of the Wayuu Indigenous Association of the Community of Albania (AIWA).

Subsequently, we compared these material topics with the corporate risk matrix and with the topics addressed as part of our engagement with our neighbouring communities.

This multi-criteria exercise provided a classification of the topics, which we then ranked by priority into the categories of high, medium, and low. This prioritization left us with ten material topics.

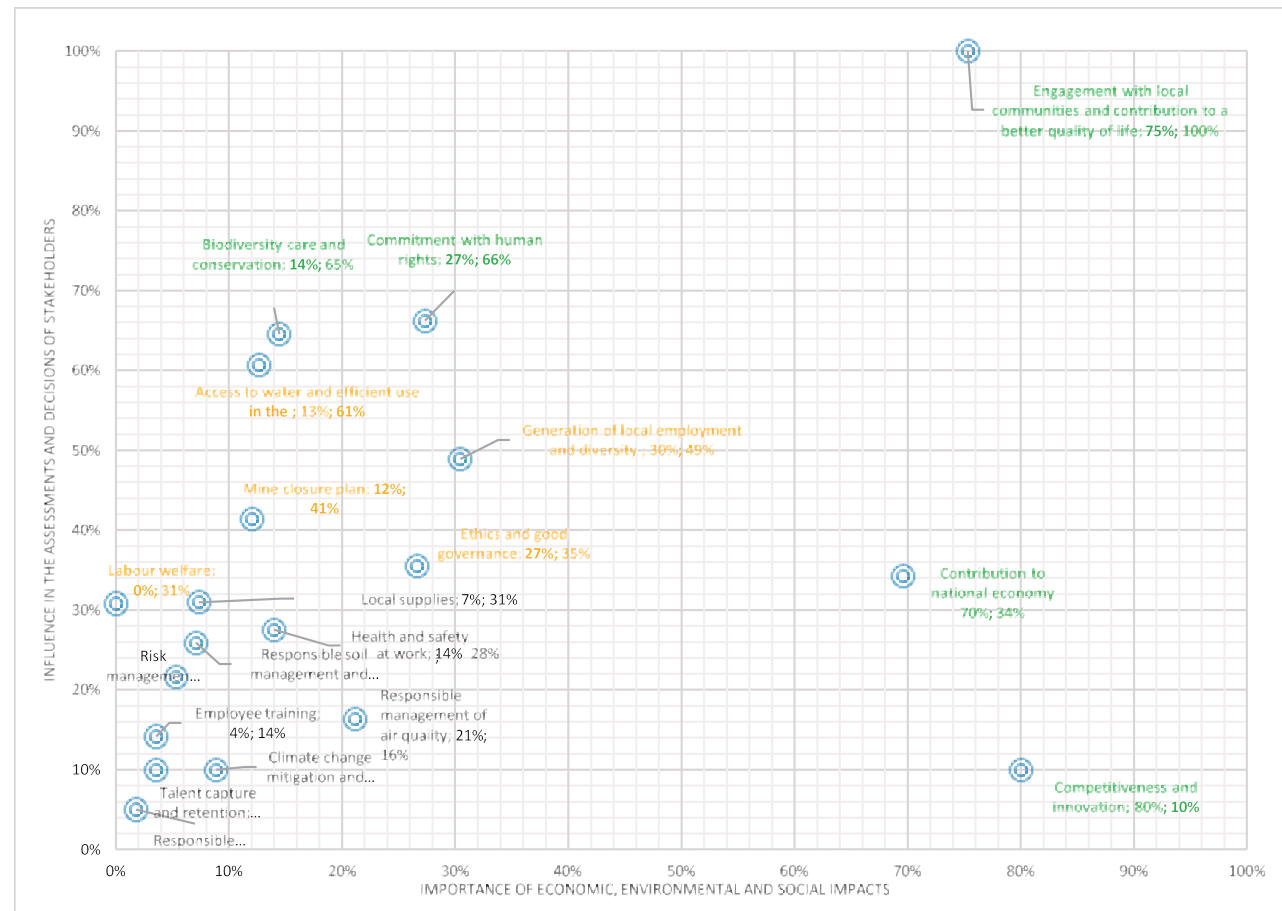
Validation

We validated these ten material topics in a workshop with Cerrejón.

¹ (102-51) Our previous sustainability report published was for 2017.

Materiality Matrix

(102-47)



In defining the contents of our sustainability report, we took into account those material topics that were found to be of high to medium priority by our stakeholders and by the company.

Alignment with the Sustainable Development Goals

At Cerrejón, we know that our work to improve our social, environmental, and economic performance is part of our commitment to sustainable development for La Guajira and the rest of the country. Therefore, our material topics are aligned with the Sustainable Development Goals (SDG) we can contribute to with our management.

In the private sector, we play an important role in implementing Agenda 2030, as noted by the National Planning

Department (DNP, its initials in Spanish) in document 3918 of 2018 of the National Council of Economic and Social Policies (CONPES), which produces the strategy to implement the DNP in Colombia.

In line with the above, we have used as a reference for this analysis the SDG's White Paper of Mining Mapping, which identifies five (5) goals that must be prioritized by the mining sector as they have the greatest direct impact. We have also used the SDG selector, a PwC software tool based on research that determined (through surveys of industry leaders) which of the SDGs represent an impact or an opportunity for businesses.

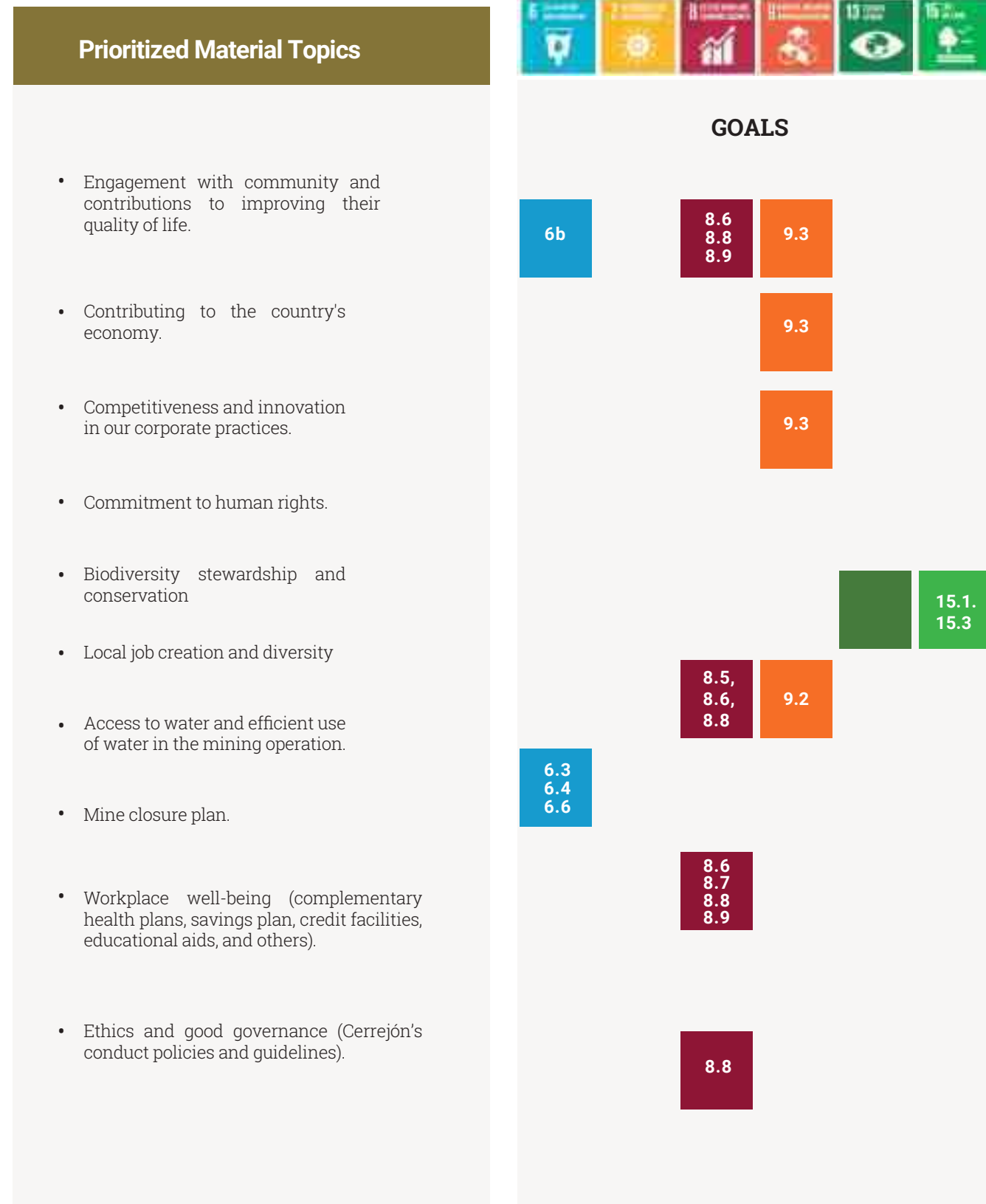
Furthermore, we took as a guideline the PwC document An Analysis of the goals and targets, which presents a proposal for alignment of the specific goals of the SDGs with the GRI Standards and other key performance indicators of the World Bank and the United Nations Global Compact. In addition, we included in this analysis the CDP work areas

such as climate, forests, and water, as well as the BetterCoal principles the company was evaluated on in the year of this report.

After the SDGs were determined for the company, we identified specific goals associated with the sector and with Cerrejón, obtaining the alignment given below.

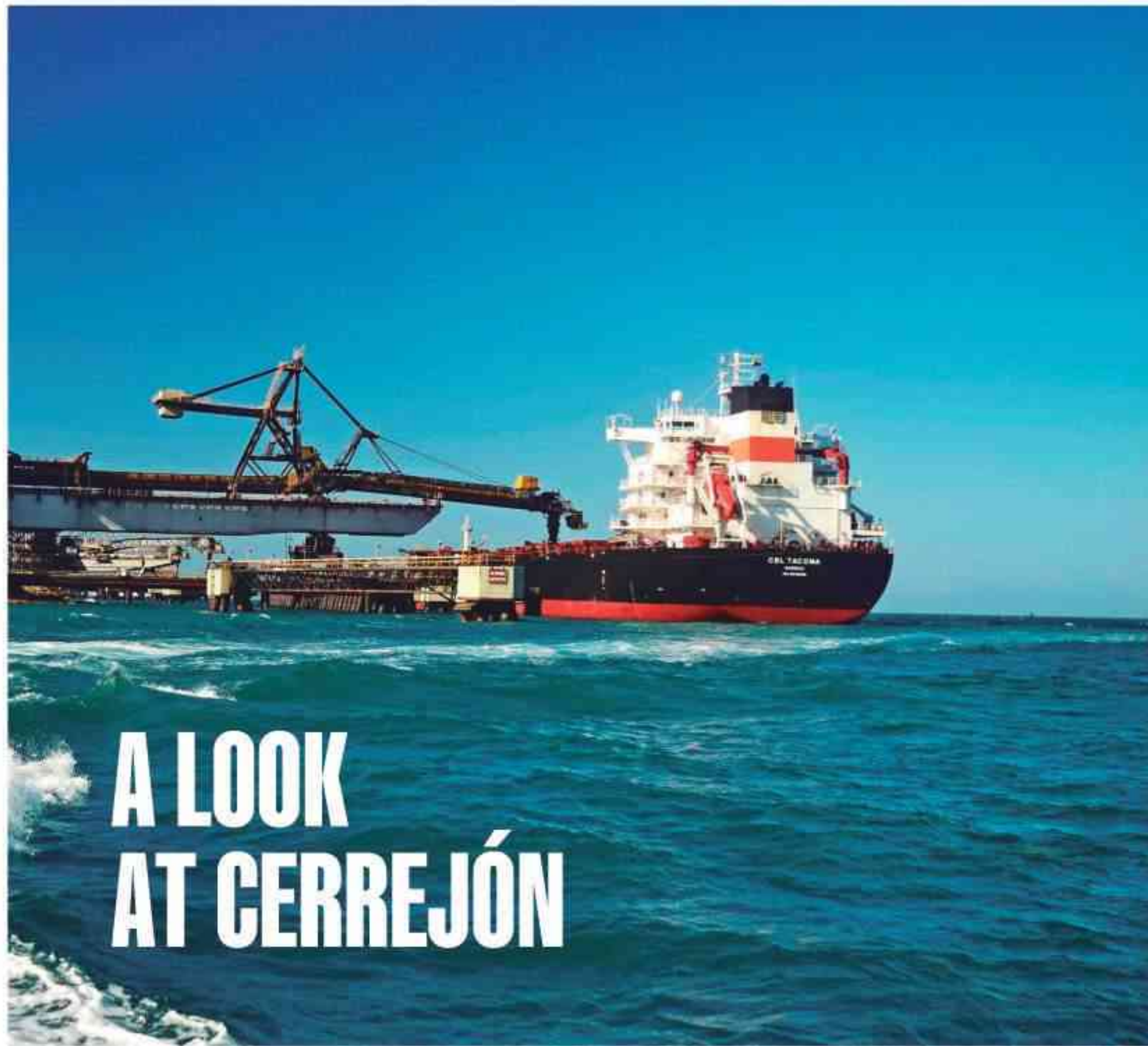


Alignment of sustainable development goals



CHAPTER

02



A LOOK AT CERREJÓN

Operations in La Guajira

(102-2) (102-4) (102-6)

Our integrated operations involve the exploration, extraction, transportation, loading on ships, and export of coal. We have a mine producing approximately 30 million tonnes of thermal coal a year, a railroad 150 km long, and a sea port in the Alta Guajira accommodating vessels of up to 180,000 tonnes deadweight, where coal is loaded via a direct-loading system and from whence our product is shipped to diverse international destinations.

La Guajira

A region with a high tourism and energy potential

Capital: Riohacha

Number of municipalities in department: 15

Population:

1,067,063 inhabitants. Source: DANE – Prediction: Population 2019 (based on 2005)



Land Area: 20,848 km² hectares

Indigenous population: 42%

Afro-Colombian Population: 15%

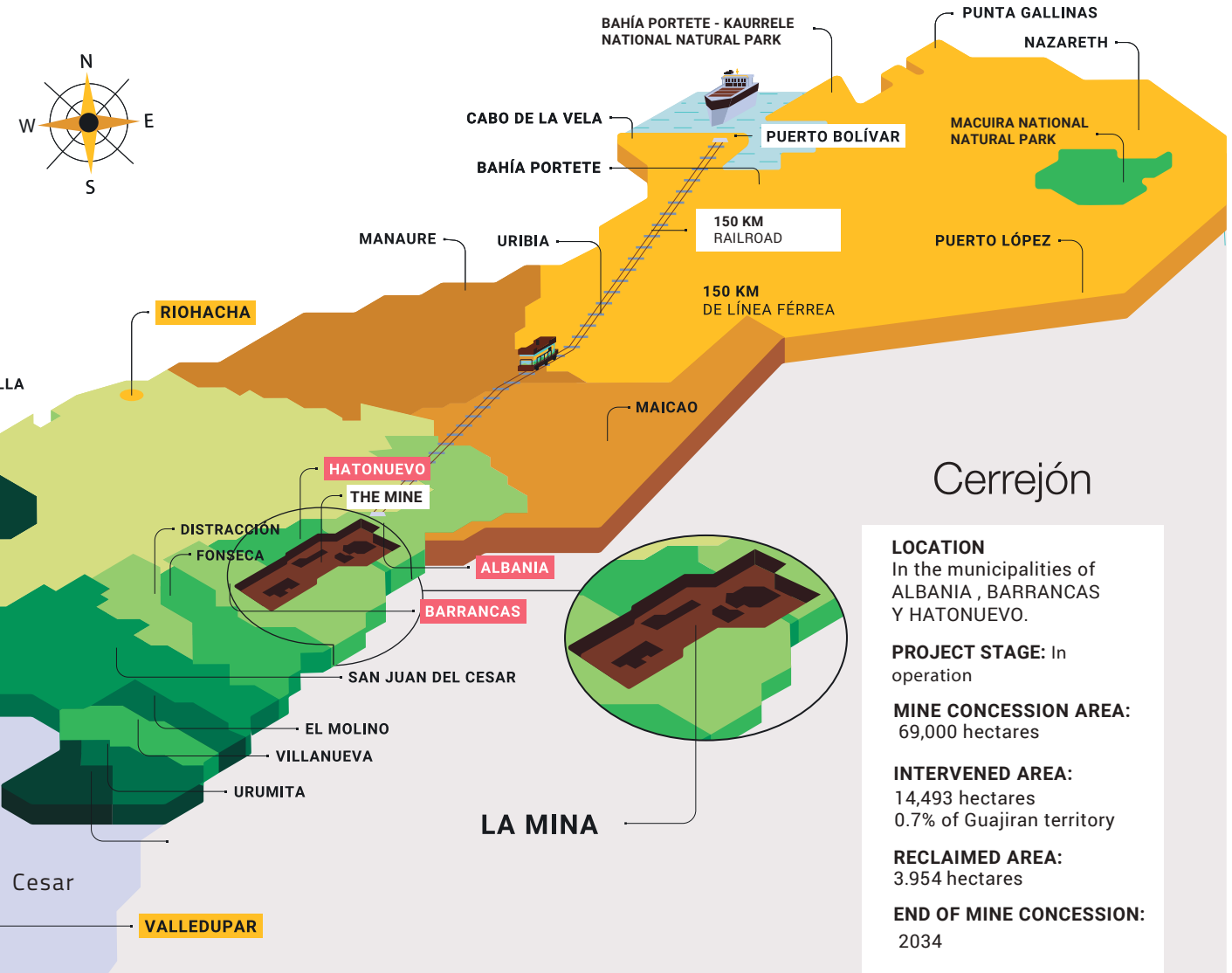
The highest concentration of indigenous communities is north of the municipality of Uribia and in the municipalities of Manaure and Maicao. The settlements (rancherías) are evenly spread throughout the Alta Guajira. Source: DANE.

Multi-ethnic population: Wayuu, Kogui, Wiwa, Arhuaco, Kankuamo, Zenu, Inga, mestizo, Caucasians, Afro-Colombians, and Arabic.

Population

45% RURAL

55% URBAN



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).

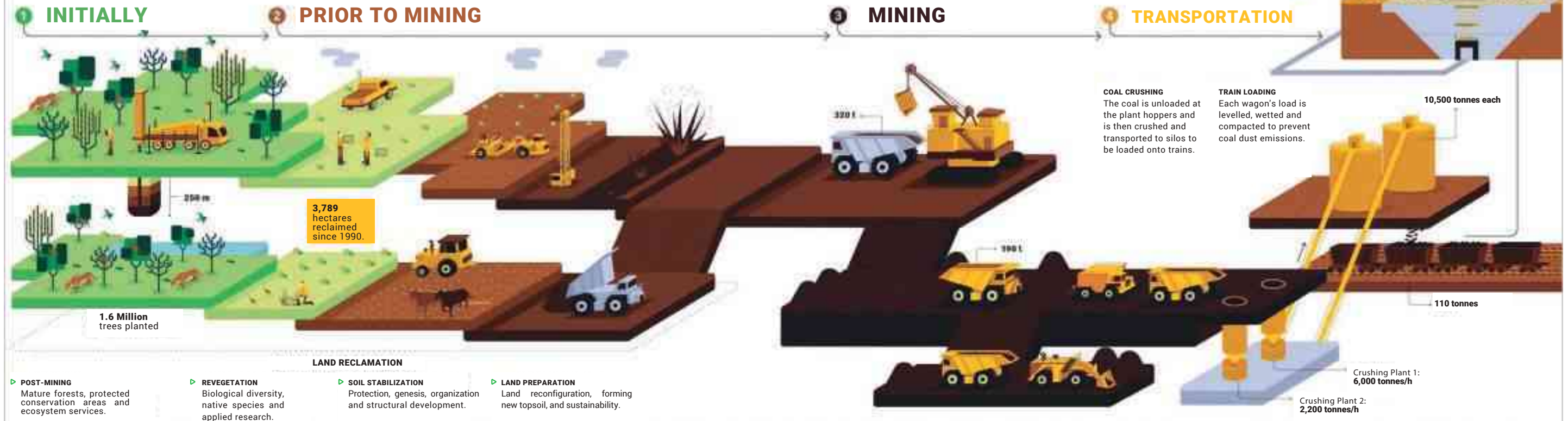
THE MINE - PUERTO BOLIVAR



- ▷ **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.



Attract, develop, and retain human talent with the skills necessary to meet the business targets, with each collaborator finding meaning in his or her contribution in a suitable climate and culture at Cerrejón.

Ensure a safe operation. That is, a fatality-free operation with a culture of safety and self-protection in order to safeguard the life and health of our people and the integrity of our processes, installations, and equipment.

Plan and execute the required projects for stay-in-business and business expansions safely and in accordance with established standards, timeframes, and budgets.



Continuously optimize all our processes in order to be one of the most competitive thermal coal operations worldwide in terms of unit costs, ensuring sustainability, growth and value creation in the long term.

Ensure the continued improvement of our planning and operations both throughout our production chain, preparation, transportation, and export and in our administrative and support activities in accordance with best practices.

Actively and effectively promote the sustainable development of La Guajira and undertake all our activities under the strictest precepts as regards ethics, respecting our people, communities, their culture, and the environment.



ENGAGEMENT WITH STAKEHOLDERS

CHAPTER

03

STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF HUMAN RIGHTS

At Cerrejón, we engage with our local, regional, national, and international stakeholders through dialogue and other mechanisms we have developed over the course of the three decades we have been here in La Guajira, dedicated to managing operational impacts and complying with the requirements of our Comprehensive Environmental Management Plan (CEMP). In addition, our engagement focuses on implementing voluntary social investment programs and projects in order to contribute to improving the standards of living of the communities neighbouring our operations.

Over the years, the concepts, principles, channels, and activities associated with engagement have evolved throughout the world as society's expectations of business performance increase. This is especially true of businesses that operate in settings with high socio-cultural diversity such as ours, where a large part of the region's population is ethnic (indigenous and of African descent). Currently, the expected behaviour for businesses to carry out their responsible management in a given zone starts with the identification, prevention, and mitigation of their impacts and with offsetting if necessary. In addition, companies must maintain constructive, respectful engagement based on good faith, ensuring access to timely, transparent information and maintaining occasions for dialogue with which to build trust, to seek understanding of their impact management, and to effectively contribute to local and regional development.

CONSTRUCTIVE AND PARTICIPATORY ENGAGEMENT ALIGNED WITH BEST PRACTICES AND INTERNATIONAL STANDARDS GENERATES VALUE FOR COMPANIES AND PROVIDES A BETTER UNDERSTANDING OF THE BUSINESS' RISKS AND OPPORTUNITIES, IN ADDITION TO EFFECTIVELY CONTRIBUTING TO IMPROVING STANDARDS OF LIVING AND CREATING TRUST.

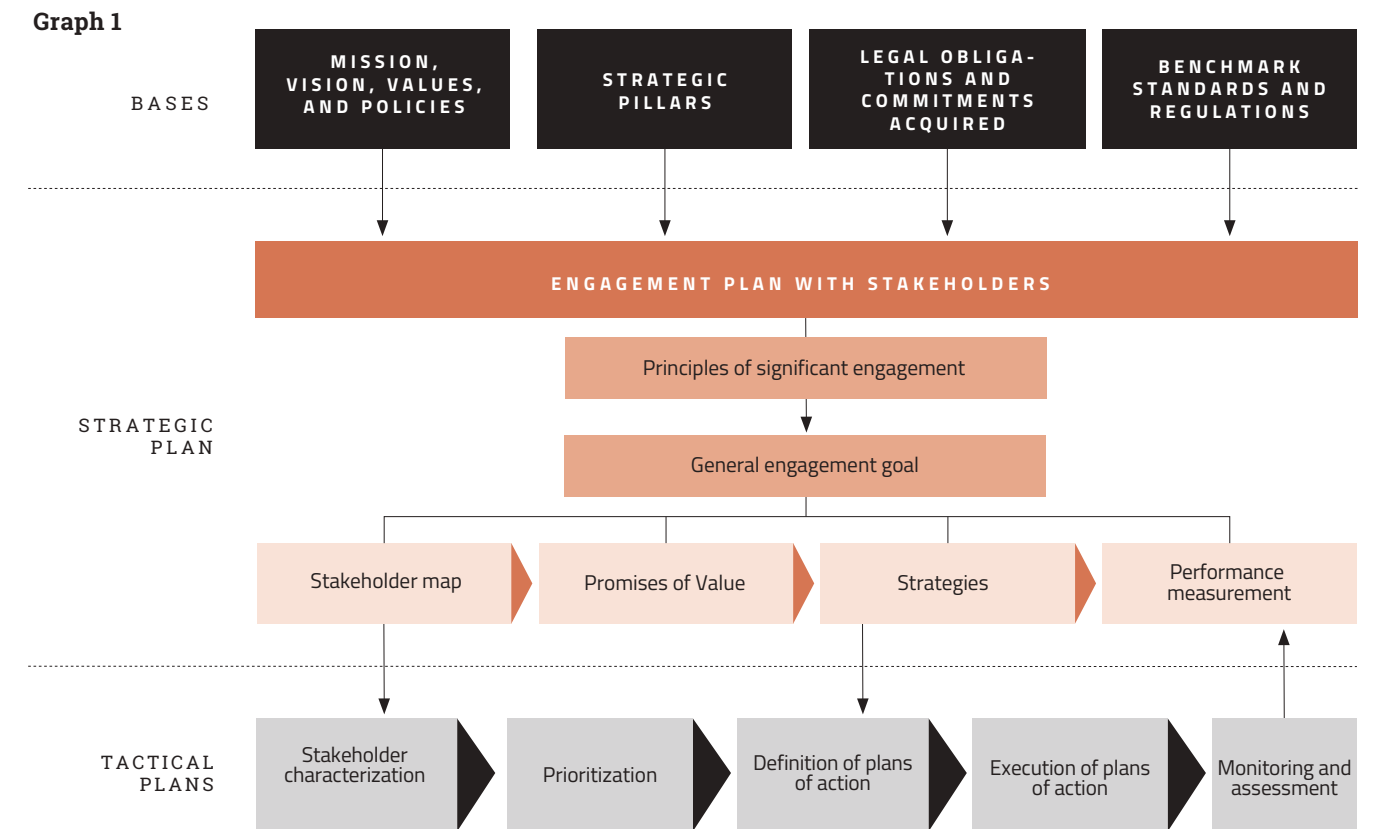
Throughout these years, we have had a learning curve allowing us to advance towards ever more participatory and respectful engagement. Our Engagement and Communications Plan (2018-2022) aims to improve the quality of our engagement with our stakeholders by meeting standards and applying best practices to facilitate the achievement of the company's strategic goals and contribute to generating values in the operations' settings.

- The plan's specific goals are to: Promote participatory, transparent, and inclusive engagement.
- Provide order, clarity, and purpose to engagement.
- Systematically document engagement actions in order to make better business decisions.
- Align and manage the interests of the different groups we engage with through a structured, trackable, and verifiable process.
- Identify risks in engagement with stakeholders and determine actions to manage it.
- Provide timely communication segmented for each stakeholder group.
- Earn legitimacy and improve our reputation.

(102-43)(102-44)

Our engagement model is based on the company's mission, vision, strategic pillars, obligations, and adopted standards. It includes a strategic component that defines our engagement's principles and goals, generally identifies stakeholders and their respective promises of values, and defines macro strategies and

key performance indicators of our engagement. At the operational level, tactical plans are defined for each group, identifying concrete activities, timeframes, and expected outcomes to meet the global strategy. This model is illustrated in graph 1.



In accordance with the above, the engagement principles defined in the strategic plan (and which are mandatory for all Cerrejón workers) are:

Graph 2

RELATIONSHIP PRINCIPLES		
Early	Permanent	Transparent
Culturally Appropriate	Participation and Dialogue	Free and Informed,
Shared Responsibility	Effective	Inclusion

Our Stakeholders

(102-40)(102-41)

At Cerrejón, we identify as stakeholders those people or groups that are or can be impacted directly or indirectly by our operations or by the programs we run. Stakeholders also include those who are interested in the company's performance, including obligations deriving from the Comprehensive Environmental Management Plan, current regulations, and compliance with commitments and standards adopted by the company.

Approach for Stakeholder Participation

(102-43)

MECHANISMS	EMPLOYEES AND TRADE UNIONS	SUPPLIERS AND CONTRACTORS	COMMUNITIES	LOCAL INSTITUTIONS	GOVERNMENT, NATIONAL INSTITUTIONS, AND REGULATORY BODIES
Ongoing engagement meetings	x	x	x	x	x
Visits	x	x	x	x	x
Addressing requests for information or permanent consultation	x	x	x	x	x
Complaints Office	x	x	x	x	x
Partnerships		x	x	x	x
Studies or research on the operation	x	x			
Report on the status of the Third Party Review Committee					x
Environmental Oversight Committee			x	x	x
Work sessions on safety impacts		x	x	x	x
Annual roundtable					
CEO's Office Communications Meeting	x				
Close Ties Plan (talks between executives and the rest of the operation)	x				
Reporting channels	x				
Meetings and executive meetings					x
Regional journalism contest					
Meetings with contractors		x			
Oversight committees collective bargaining agreement	x				
Forums and events	x	x	x	x	x

INDUSTRY AND THE PRIVATE SECTOR	NGOS AND COOPERATIVE BODIES	NEWS MEDIA AND OPINION LEADERS	POLITICAL PARTIES AND MOVEMENTS	ACADEMIA	CLIENTS	OTHER INTERNATIONAL ACTORS
x	x	x	x	x	x	x
x	x	x	x	x	x	x
x	x	x	x	x	x	x
x	x	x	x	x	x	
x	x			x		
	x	x				
	x				x	
				x		
					x	
x	x	x	x	x	x	x

Social Standards and Human Rights

(102-12)

In addition to complying with the obligations deriving from the Comprehensive Environmental Management Plan (CEMP), at Cerrejón we have also adopted the following standards to guide our daily actions in soundly managing our social and environmental impacts:

- The Universal Declaration of Human Rights
- Performance Standards 1, 5, and 7 of the International Finance Corporation (IFC)
- The World Bank's Operational Guidelines 4.12 on Involuntary Resettlement
- The United Nations' Guiding Principles on Business and Human Rights
- The Voluntary Principles on Security and Human Rights
- The Sustainable Development Framework of the International Council on Mining and Metals (ICMM)
- The United Nations Global Compact
- The Initiative of the Global Reports (GRI)
- In 2018, we reviewed the standards and requirements adopted by Cerrejón that will be formalized in 2019 in a new company Social Engagement Policy and Framework.

Impact Management on Human Rights

Respect for the human rights of our employees, contractors, and communities neighbouring our operations is a constant commitment that is reflected in our Human Rights Policy and in our due diligence process as well as in the application of the standards adopted by the company (as mentioned above).

We have had a Human Rights Policy since 2005 (adjusted in 2011), aligned as regards Colombian legislation, the Universal Declaration of Human Rights, and the basic conventions of the International Labour Organisation (ILO) as well as with the various standards adopted by Cerrejón, such as the United Nations Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights, the Global Compact, the International Finance Corporation's Social and Environmental Performance Standards 1, 5, and 7, and the ICMM's Sustainable Development Framework.

In order to prevent human rights violations amongst our workers (direct and indirect employees) and communities neighbouring our operations, we have designed and implemented a process of due diligence in human rights that primarily seeks to prevent, mitigate, and compensate for operational impacts, maintain respectful engagement with all groups (especially ethnic and vulnerable groups), and promote respect for human rights in the region where we operate.

Our model of due diligence in human rights has six main activities, as seen in the graph below.

CERREJÓN'S DUE DILIGENCE PROCESS IN HUMAN RIGHTS					
Identification of social and human rights impacts	Definition of impact-handling measures	Communications with stakeholders	Integration of measures with operational systems	Complaints handling	Processes for verification and assurance of compliance with all stages

Our Human Rights Policy is public and may be consulted by any of our stakeholders at this link: <https://www.cerrejon.com/wp-content/uploads/2017/12/POLIICA-DE-DERECHOS-HUMANOS.pdf>

(412-1)

As part of our management of due diligence in human rights, in 2018 we undertook the actions below throughout our operations (100%).

Identification of Risks and Impacts in Human Rights

(412-3)

Identifying the real or perceived operational impacts on our collaborators (direct and indirect) and neighbouring communities is crucial as a company as it allows us to implement the necessary measures to prevent or mitigate any violations of human rights related to our operations. Further, when it is impossible to prevent or mitigate them, we must compensate them.

In 2018, we continued with the established management to mitigate the most severe recorded impacts in accordance with the results of the second Study on Social Impacts Affecting Human Rights, carried out by the independent firm Trust Consultores.

Confirmed Impacts

(413-2)

Adverse effects generated or continuing to be generated, and about which there is certainty regarding the causal relation between the impact and an activity by our operations, include:

Visual changes in the area of direct influence (ADI) of Cerrejón (landscape impact)

Since the start of our operations, we have caused visual changes in the land in our area of direct influence. Aware of this, we are committed to recovering zones previously dedicated to open-pit coal mining in order to restore its fauna and flora through our Land Reclamation Program. In future, these lands could be used for farming or environmental conservation of La Guajira's tropical dry forest, as determined by the relevant authorities. As of 2018, we have rehabilitated 3,954 hectares of land.

For more information, see the chapter "Tropical Dry Forest of La Guajira".

Impact on peace of communities in Cerrejón's ADI

Some aspects of our operations affect the peace of communities, including the emission of coarse coal particles falling on the homes and workplaces of communities, noise, and bad odours. However, Cerrejón has implemented a series of measures to mitigate them:

Concerning the emission of coarse particles:

- High-volume sprinklers on piles of extracted material.

IMPACT	RIGHTS COMPROMISED	SEVERITY	FREQUENCY	MAGNITUDE	TYPE OF IMPACT
LANDSCAPE ALTERATION	Right to landscape as a component of the right to a healthy environment	Greater	Highly frequent	High	Confirmed
IMPACT ON COMMUNITY PEACE	Right to peace	Moderate	Highly frequent	High	Confirmed

- Water-spray headers on coal conveyor belts.
- Squads to control spontaneous combustion of coal seams.
- Sprinklers and air-quality monitors to prevent the spread of airborne particles.
- Stacking coal to prevent spreading by wind.
- Constant wetting of roads to prevent dust from rising.
- Coal compacted with a specific level of industrial water. The water used in this process is low quality. It is unsuited for human or animal consumption or for crop irrigation.
- Direct-loading systems for ships since 1985.

Measures to prevent noise include:

- Limited use of the train whistle to avoid upsetting the rest of community residents. It is used only to prevent safety incidents on the railroad tracks.

Measures to mitigate the impact of bad odours include the following:

- More resources allocated to controlling spontaneous coal combustion, which mitigates odour-generation.

IN 2018, WE REAFFIRMED OUR COMMITMENT TO RESPECTING THE RIGHTS OF ALL OUR COLLABORATORS, NEIGHBOURING COMMUNITIES, AND OTHER STAKEHOLDERS, PROMOTING AND DEFENDING DIALOGUE AS A MEANS TO RESOLVE ANY CONTROVERSIES AND JOINING EFFORTS TO PROTECT THE VICTIMS OF THREATS AGAINST THEIR LIFE AND WELL-BEING.

- Indigenous communities are also impacted by the deaths of livestock on the tracks, which causes both economic and cultural impacts.

In the Wayuu culture, goats and other animals provide social power and standing, in addition to an important source of income. People impacted by the death of livestock on the tracks or on roads neighbouring the operations are dealt with by the Complaints Office, which evaluates the case and provides compensation when the impact is confirmed.

For more information see the Complaints Office.

Perceived Impacts

Perceived impacts identified by the Trust study are those for which there is no scientific certainty of their occurrence or direction relation to our operations. At Cerrejón, we are committed to addressing such perceptions of concern to communities in order to strengthen trust and identify ways of improving our management:

IMPACT	RIGHTS COMPROMISED	SEVERITY	FREQUENCY	MAGNITUDE	TYPE OF IMPACT
ALTERATION TO HEALTH OF COMMUNITIES IN CERREJÓN'S ADI	Right to health	Greater	Frequent	High	Perceived
RESTRICTING THE USE OR ENJOYMENT OF WATER RESOURCES	Right to water Right to health	Greater	Frequent	High	Perceived

Perceived impacts on health of communities in Cerrejón's ADI

Communities attribute this impact to the emission of coal particulates by our extraction and transportation operations. For the communities, this impact is confirmed by the visible presence of this material.

In addition to the afore-mentioned emission-control measures, Cerrejón undertakes actions aimed at controlling the dust microparticles emitted to the environment by our operations, including:

- Implementation of a real-time monitoring system (unique in Latin America) to measure and visualize the concentrations of airborne particles under 10 micra in diameter (PM10) and provide early warnings on air quality.
- Installation of ten devices to measure particles under 2.5 micra (PM2.5) at the 16 stations, in compliance with Resolution 2254 of 2017. They were installed in those areas with higher amounts of PM10 due to technical considerations of the afore-mentioned standard and to the company's air-quality measurement model.
- 46% of our environmental investment in 2018 was destined to air-quality control.

For further information on management measures, see the section "Air Quality".

Perception of restricting the use or enjoyment of water resources

This impact refers to the perception of communities on the restriction to using or enjoying water resources, as well as regards the diversion of water bodies, specifically Bruno Creek.

Our Comprehensive Water Management Program aims to ensure a sound use of water at Cerrejón, the protection of watersheds, and a contribution to finding solutions to access water. The program has three pillars: efficient use of water in the operations, watershed protection, and support for supply solutions.

For more information, see **"Access to water and stewardship of water bodies".**

Identification of impacts through prior- and post- consultation processes

It is important to note that the processes for identifying impacts and determining management measures occur not only as a part of studies on the risks and impacts on human rights, but are also carried out prior, proactively, or in response to a legal ruling. They can also occur for a new project and even in response to legal requirements to hold post consultations for a project.

See more information in "Consultations for impact management".

Additional actions related to due diligence in human rights

ACTIONS FOSTERING THE PROTECTION OF SOCIAL LEADERS IN LA GUAJIRA

In 2018, we reaffirmed our commitment to respecting the rights of all our collaborators, neighbouring communities, and other stakeholders, promoting and defending dialogue as a means to resolve any controversies and joining efforts to protect the victims of threats against their life and well-being. To that end, we sign a joint declaration rejecting all acts of violence and stigmatization against the life and well-being of anyone, with special emphasis on social leaders and human rights defenders.

This public commitment was signed in Valledupar. Present were the Presidential Council for Human Rights, the Ministry of the Interior, the Ministry of Mines and Energy, businesses subscribing to the Human Rights and Coal Work Group (Drummond Ltd., Prodeco, Cerrejón, and Colombia Natural Resources), the Regional Centre for Responsible Business and Enterprise (CREER, its acronym in Spanish), and the Ideas for Peace Foundation (FIP, its initials in Spanish).

In addition, members of the Coal and Human Rights Workgroup (based on the country's position in this matter and risks identified in La Guajira and in Cesar) prepared and published the "Procedure for Protection Against Threats Against Life and Well-Being". This procedure establishes lines of action that companies can adopt as part of our duty to promote and respect human rights in order to notify the appropriate authorities of threats that may impact the life and well-being of people belonging to company stakeholder groups.

For 2019, we propose to continue working on developing and implementing collaboration strategies for the protection of the life and well-being of people threatened and on contributing to constructive dialogue between leaders and authorities, thus promoting the effective protection and investigation of cases reported in the area of our operations.

Two-way analysis of variance of risks and impacts in security and human rights

The Voluntary Principles on Security and Human Rights standard offers guidelines for companies to ensure that both public and private security forces act in full accordance with human rights in the protection they offer companies. In accordance with this standard, in 2018 we carried out a two-way analysis of variance of risks and impacts on Cerrejón's public-private security plan. This analysis was carried out with the support of the Regional Centre for Responsible Business and Enterprise (CREER), comprising the following steps:

This exercise was carried out to understand the impacts of our company's security activities on human rights from the perspective of communities and our surroundings. Thanks to a participatory methodology, communities and other relevant actors contributed to the analysis of security risks and impacts and with the creation of administration and management measures.

This analysis allowed us to align different stakeholders (communities, civil authorities, and the public security forces) with common goals to strengthen security conditions in the area of impact.

Work sessions on security and human rights

The work sessions initiative began in 2011 so that communities, private security services, members of the public security forces, and our company could talk together about the risks and possible impacts deriving from the security agreements and contracts Cerrejón has for its protection in addition to analysing situations deriving from the security context in this setting.

STEP 1	STEP 2	STEP 3	STEP 4		STEP 5	STEP 6
Characterization of setting	Identification of actors	Dynamics analysis	Identification of risks		Assessment of risks	Establish a treatment plan
PRODUCT 1	PRODUCT 2	PRODUCT 3	PRODUCT 4	PRODUCT 5	PRODUCT 6	PRODUCT 7
Setting scenarios and their vulnerabilities	Map of actors with roles and recommendations.	Analysis of context that includes dynamics and actors	Profile of risks	Cause trees	Prioritized risk matrix	Treatment plan

Source: Own based on the IGT Guide - Voluntary Principles.

These work sessions have consolidated our company's commitment with the Voluntary Principles and other standards, allowing respectful, diligent engagement with communities on issues of concern to them.

Between 2011 and 2018, we held 29 work sessions with our neighbouring communities. In upcoming years, we hope to be able to transform this good practice into a sustainable exercise broadening its scope to serve as an occasion for dialogue on general topics of security and human rights throughout La Guajira.

Security personnel trained in human rights (410-1)

As part of our commitment to human rights, and in compliance with the requirements of the Voluntary Principles on Security and Human Rights, in 2018 we offered training in the Voluntary Principles and in the traditions and customs of indigenous peoples to the workers of the two private security companies working for Cerrejón. We trained 97% of this personnel, equivalent to 725 people. The remaining 3% were not trained due to various circumstances. The decrease compared to 2017 is due to personnel turnover. In the 2017 reporting year, the calculation was based on 750 people, whereas for 2018 it was based on 800.

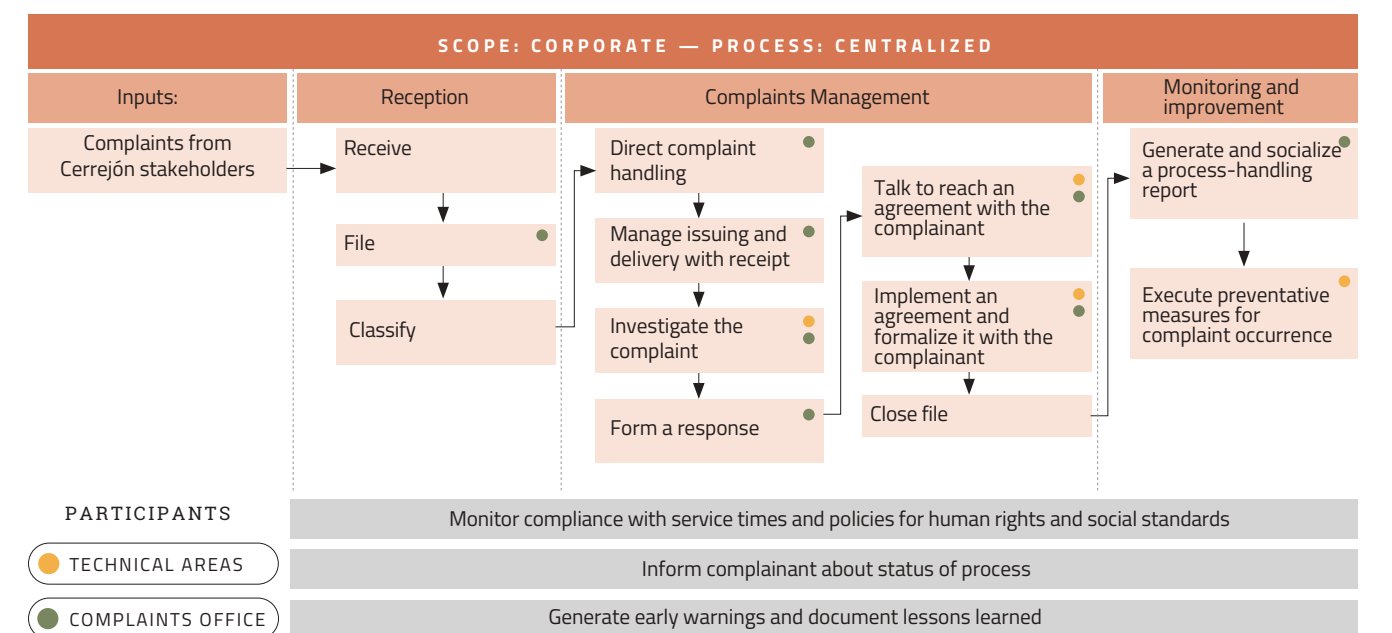
Complaints Office

At Cerrejón, we have had a Complaints Office since 2010 as a mechanism to address and compensate possible impacts of our operations on direct employees, contractor firms, and affected communities. It is a tool to identify, prevent, remediate, and/or compensate for impacts.

The Complaints Office operates under the standards of the United Nations' Guiding Principles on Business and Human Rights (UNGPR) and the guidelines of the International Council on Mining and Metals (ICMM).

The Complaints Office has a scope over Cerrejón's entire operations. It is complementary to existing complaint mechanisms in the company as it does not replace the existing channels such as the ethics reporting line, committees agreed to in the collective bargaining agreement, or legally instituted committees such as COPASST or the Co-existence Committee. The Complaints Office does not aim to supersede the right of possible affected groups to recur to legal means.

What is the Complaints Office and how does it work?



The Complaints Office is centralized; all its activities are managed with its own work team and it performs its investigations with technical assistance from the appropriate areas.

In addition, it has a standardized process for the management of complaints to ensure that the filing, information gathering, talks to reach an agreement, and the responses are handled in consonance with Colombian legislation and international standards.

Managing Complaints

In 2018, 330 complaints were filed:

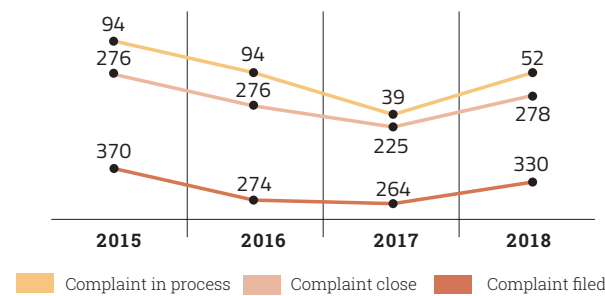
- 84.2% are closed, 13.3% are in resolution, 2.1% are agreed on, and 0.3% were transferred.
- 98.5% of the complaints were of medium-high complexity, 0.6% of high complexity, 0.6% of low complexity, and 0.3% of medium-low complexity.
- 93% of complaints concerned community topics (security, health, and environment), 2% concerned resettlements, 2% physical safety, 1% land, 1% labour issues, and 1% other topics.
- 79% of complaints (261) from communities concern animals struck by the train.

COMMUNITY COMPLAINTS

(SAFETY, HEALTH, AND ENVIRONMENT)

WATER/SOIL	3	1%
THREATS TO LEADER/COMMUNITY MEMBER	5	2%
ANIMALS STRUCK BY TRAIN	261	85%
NOISE/VIBRATIONS	5	2%
GASES/DUST/ODOURS	10	3%
MOBILITY	9	3%
OTHERS	12	4%
PEOPLE STRUCK BY TRAIN OR VEHICLE	2	1%
THIRD-PARTY FATALITIES	1	0%

We are currently reviewing the measures adopted by the company to decrease the number of animals struck in order to determine whether they are the most appropriate measures. We have received community feedback to the effect that these initiatives have not had the desired effect because we cannot limit Wayuu territory and their animals. They recommend strengthening preventative measures within the company.



Bettercoal Audit

In order to improve our performance and be a reliable coal supplier for our clients and other European energy companies, in July of 2018 we welcomed an audit in the field by Bettercoal. This initiative comprises 17 energy-generation companies interested in promoting the continual improvement of their coal supply chains in terms of corporate ethics and governance, compliance with human rights, community engagement, and the management of environmental impacts.

The evaluation covered a review of Cerrejón's policies, procedures, and management systems, as well as an analysis of our social and environmental performance, including topics such as: water and air-quality management, conservation of land and biodiversity, waste management, regulatory implementation and compliance, transparency and commitment with human rights, and community development.

The Bettercoal auditors took the opportunity to talk to NGOs, academic institutions and other civilian organizations, both the company's trade unions, representatives from 15 communities neighbouring our operations, and representatives from eight regional and national government authorities. In addition, 59 surveys were carried out with company workers and contractors.

The good practices identified by the Bettercoal audit team include:

- Cerrejón's commitment to consult communities on the human rights situation in the company's security activities (the afore-mentioned work sessions).
- The maintenance and provision of water wells for communities of La Guajira.
- The implementation of a social assurance program consisting in self-evaluations and internal and external audits to measure application of the social management system and the company's adopted standards.
- Land reclamation in the context of operational closure.
- Having a Comprehensive Offset Plan aimed at completing a biological and genetic corridor for the jaguar.
- The re-use of 60% of waste and the development of prevention and service programs in healthcare and safety.

The most noteworthy aspects for improvement are:

- Performing an analysis and incorporating Afro-Colombian communities within our risk and impact management.
- Executing engagement strategies with a differential approach.
- Incorporating handling of complaints from resettlements within the mechanisms established to that end and optimizing the response times to communities.
- Reinforcing the sharing of air-quality monitoring results to local authorities and communities.
- Managing the risk associated with the introduction of non-native species to the zone, amongst others.
- Improving the working conditions of private security guards by building shelters the length of the railway line.
- Verifying the working conditions of contractors through an audit plan.
- Optimizing wastewater processing.
- Defining a participation plan for stakeholders for the mine closure.

The overall audit results indicate 27 opportunities for improvement, as classed by principle in the table below.

	Met	Substantially met	Partially met	Findings
GENERAL IMPLEMENTATION EXPECTATIONS				
Principle 1	1.1			
Principle 2		2.2, 2.3	2.1	
CORPORATE ETHICS				
Principle 3	3.1			
Principle 4	4.1			
HUMAN RIGHTS AND SOCIAL PERFORMANCE				
Principle 5	5.1, 5.3, 5.4	5.2		
Principle 6	6.2 - 6.5, 6.8	6.1, 6.6, 6.7, 6.9		
Principle 7		7.1		
ENVIRONMENT				
Principle 8		8.1		
Principle 9	9.1		9.2, 9.3	
Principio 10	10.1 - 10.3	10.4 - 10.6	10.7	

The results of this audit will be reflected in the construction of a Continual Improvement Plan to be monitored through regular document proof and visits to the Mine by Bettercoal auditors.

For more details, please see the Bettercoal audit report at: https://bettercoal.org/wp-content/uploads/2018/04/Bettercoal-Public-Report-Cerrejon-Coal-Company_Spanish.pdf

Resettlements

The relocation of a family from its original dwelling site to an agreed-on destination site due to a company's operations is known as a resettlement process. It comprises a last resort for companies to protect communities from environmental impacts that may derive from economic projects or mining activities.

In compliance with the guidelines of the World Bank's International Finance Corporation (IFC), these types of processes must be carried out in a participatory manner, actively involving the communities to develop a Resettlement Action Plan.

At Cerrejón, we began an involuntary resettlement process with the community of Roche in 2003, with the communities of Patilla and Chancleta in 2006, and with Las Casitas in 2009. Furthermore, in 2006 we began the resettlement of Tamaquito II, an indigenous community that itself requested relocation, arguing they were becoming isolated due to the relocation of other communities.

Current Status of Resettlements 2018

(Own indicator)

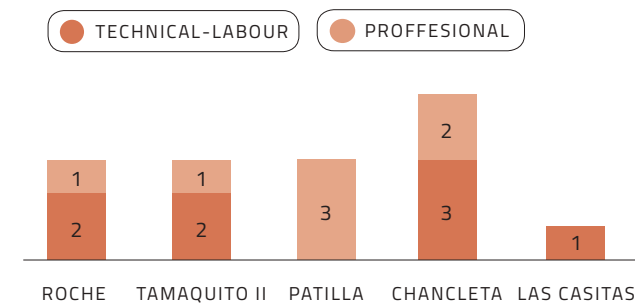
COMMUNITY	FAMILIES ELIGIBLE FOR RELOCATION	FAMILIES RESETTLED TO NEW SITES	STATUS
Las Casitas	31	30	All families relocated. The member of a single-person household passed away before the relocation process, and therefore only 30 families were relocated.
Tamaquito II	31	31	All families relocated.
Chancleta	56	38	38 of the families were relocated to the new village site. 18 families opted for individual relocation, choosing to be moved to the municipality of Hatonuevo or to Barrancas.
Roche	25	25	All families relocated.
Patilla	46	46	All families relocated.
TOTALES	189	188	

After more than 15 years of negotiations with the five communities, we have managed to reach individual and collective agreements as part of the resettlement processes. Aimed at improving the quality of life of families, these agreements focus on various areas: access to water, community strengthening, improvements to dwellings, production projects, educational aids, and others. Further aims are to conserve their social fabric and their relation with their environment

The relocation process for families entitled to relocation finalized in 2017. Therefore, in 2018 we focused on continuing with the post-resettlement phase, which has been progressing well alongside the delivery of the agreed-on compensation and benefits.

Results of post-resettlement programs Educational AID

We support access to technical, vocational, and/or higher education for accredited families in the resettlement process, thereby contributing to the development and strengthening of their capabilities and skills. Recipients of this aid received payment of registration fees and board while taking courses at any educational institution in the country.



Young persons receiving educational aids 2018

In 2018, this program aided 15 students with academic support and monitoring, thereby culminating the school year successfully and obtaining the necessary average to continue receiving their educational aid. Of the 268 students who have participated in this program, 103 have obtained an undergraduate degree to date.

Educational strengthening

In addition to the initial agreements with the resettled communities, we took on a new commitment to foster high performance in school children. Consequently, Cerrejón carries out an educational strengthening program with the children of resettled families in order to develop and strengthen their skills, thus improving their opportunities of access to higher education. The program includes work sessions with teachers and psychological-social monitoring. In addition, in order to promote their leadership aptitudes, we organized a program called Student Network, which holds meetings, academic fairs, and environmental education sessions with the young participants.

This program was initially scheduled to last for four (4) years in accordance with the relocation agreements signed with the families. However, given its positive impact on the youths and their families, the company has voluntarily decided to continue supporting it.

Access to Water

Two water treatment plants were installed in order for the five resettled communities to have continual, quality running water in each of their houses. This COP 730 million investment produces over 176,000 litres of clean water a day. The plants are operated by the community associations ASOAWINKA and TAMAWIN.

Background

Cerrejón also constructed an aqueduct and sewage system for the basic sanitation and drinking water needs of the resettled families in Roche, Patilla, Chancleta, and Las Casitas.

The water treatment plant was an automated compact plant withdrawing water from a deep well and processing 2.5 litres per second. At the same time as the construction of the Roche resettlement, we began a process of business strengthening of public services in the original communities. This led to the creation of the company ASOAWINKA RPC, which currently operates the plant and is a registered public service provider in the Superintendency of Public Services.

In the plant's operation of providing drinking water, complaints arose regarding the well's water quality and the plant's automation.

Improved service

Given the discomfort and complaints of families regarding the well's perceived water quality and the families' desire to use a surface water supply, the service was improved by changing the uptake to the Ranchería River.

The process began with sharing the information on the change of source with the families, and requesting a permit for four litres per second from Corpogujaira. Furthermore, a comprehensive water service improvement plan was carried out to satisfy communities. It covers the quality, continuity, and amount necessary in accordance with current regulations, as well as the following components: a water treatment plant, a water-pumping station, household connections, internal water piping in households, and rational water use.

Progress Versus the Plan

Water Treatment Plant. It is rehabilitated and producing 135 m3 of drinking water every 12 hours. It meets the standards for water apt for human consumption, as certified by laboratory tests certified by the IDEAM.

Water-pumping station. All the lifting pumps and the hydraulic system were switched out in order to streamline and facilitate operation and the preventive and reactive maintenance of the equipment.

The new pumping system substantially improved the water transit time to the resettlement storage tanks. In the community of Patilla, cleaning and the replacement of certain pipe sections were performed through a contract for the descaling and cleaning of the water pipelines. This ensured that the effective diameter of the installed pipes could once again be used and also improved the pressure for the water pipelines.

In the resettlements of Chancleta and Roche, these works were not carried out due to a failure to reach an agreement with the communities. The Las Casitas resettlement water pipelines did not need any work.

Household water pipes. Pipes inside houses were cleaned and disinfected in the resettlements of Patilla and Las Casitas. Work needs to continue on implementing and finishing the plan, developing a system for invoicing, macromeasurements, and micromeasurements.

Training and strengthening of the Aqueduct Users Association. The ASOAWINKA personnel were trained in operating the renovated water plant, managing it efficiently and appropriately.

Sound use of the drinking water service. Information on the change in the drinking water source was relayed to the communities of Roche, Patilla, Chancleta, and Las Casitas. During the plan's execution, 14 visits were made to the resettlement water treatment plant, and 144 people from communities and different institutions were welcomed as well.

Water quality. A bio-alarm was installed to ensure that the source water has adequate conditions for treatment.

The plant's laboratory was equipped with the necessary instruments and equipment to monitor water quality on site. This monitoring ensures the water's quality and delivery to the families, complying with Resolution 2115 of 2007. Bimonthly water-quality tests are performed by certified laboratories.

Currently, a cooperation agreement in place between ASOAWINKA R.P.C. and Cerrejón facilitates the resources so the community company can operate and provide services for the treatment plant for the resettled communities. Bimonthly, the association must certify the delivery of

the amount and continued service of water apt for human consumption to the communities, as well as the results of the water-quality tests with an Environmental Quality Risk Index (IRCA, its initials in Spanish) of under five, as established in Resolution 2115 of 2007.

Tamaquito II

Due to the commitment made and as part of the responsibility of accepting the voluntary relocation of this community, in 2018 we signed a cooperation agreement with TAMAWUIN for this association to shoulder the operation, maintenance, and service of the drinking water supply to the community of Tamaquito II. This agreement covers bimonthly disbursements by Cerrejón dependent on the quality of the water supplied (an IRCA of under 5).

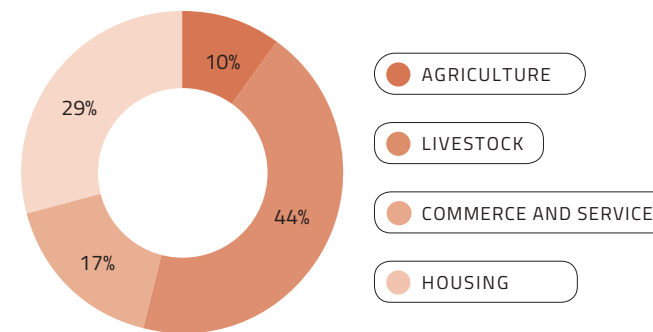
TAMAWUIN sent regular water samples from the treatment plant to independent laboratories, which reported an IRCA of zero, indicating good-quality drinking water. Evidently, the association is managing the operation, maintenance, and service of the community's water supply efficiently.

Production Projects

In 2018, we continued to implement and develop production projects with 166 resettled families. This includes the implementation of 190 production projects, of which 119 are in operation. They cover four economic sectors:

- **Agriculture.** Farming crops such as yucca, beans, banana, papaya, cantaloupe, and pepper.
- **Livestock.** Focused on livestock-raising for two purposes, milk and meat.
- **Commerce and services.** Mainly drug stores, shops, and transport services.
- **Housing rentals.** This is a special category including those families that have invested their capital in obtaining real estate to rent to third parties.

PRODUCTIVE PROJECTS BY ECONOMIC SECTOR



Infrastructure

The José Agustín Solano School (Patilla Branch) was upgraded and provided general maintenance with the support of the municipality of Barrancas. These works took place in 2018 and were satisfactorily received by the Oversight Consortium for the resettled communities and by the school's director.

Repairs to dwellings

(Own indicator)

We reached infrastructure agreements with these communities in an aim to improve the living conditions of the resettled families, providing repairs to houses that had suffered damage due to settling of the structure.

COMMUNITY	TOTAL NUMBER OF HOUSES FOR REPAIR	AGREEMENTS SIGNED	REPAIRS COMPLETED	REPAIRS UNDERWAY
Roche	25	24	12	3
Patilla	46	40	40	-
Chancleta	38	11	11	-
Tamaquito II	31	31	2	-
TOTAL	140	106	65	3

Connection of sewage mains to municipal system

As a result of the agreement of collaboration with the municipality of Barrancas, we committed to financing the works to connect the sewage mains to the municipal sewage system. The construction of the final sewage main in the resettlements of Roche, Patilla, Chancleta, and Las Casitas began in September of 2018 and was 17.7% complete by the end of the year. The works are expected to finish by June of 2019.

CHALLENGES 2019

- **Finish construction for the connection of the sewage mains in the resettled communities with the municipal sewage system.**
- **Conclude the agreement for income generation signed in 2016 with the community of Tamaquito II.**
- **Begin construction of the raised potable water tank and the cemetery for the community of Patilla.**

Consultations for Impact Management

At Cerrejón, we are committed to reaching agreements on actions to promote ongoing, informed, respectful, transparent, and constructive dialogue with all of our stakeholders, based on trust, lessons learned, and identifying opportunities for improvement. We therefore designed a Social Dialogue strategy to develop the participation and prior consultation processes, aiming to strengthen engagement with resettled communities in our area of influence, thereby contributing to the sustainable development of La Guajira.

In this engagement model, we have focused our efforts on complying with Colombian legislation and jurisprudence, Presidential Directives 1 of 2010 and 10 of 2013 of the Ministry of the Interior, the Performance Standards of the International Finance Corporation (IFC), the Indigenous People and Mining Position Statement of the International Council on Mining and Metals (ICMM), and Commitment 7 of Cerrejón's Social Engagement Policies and Framework for Indigenous Groups, Afro-Colombians, and Cultural Heritage.

In 2018, our Social Dialogue Project progressed on the consultation processes with the communities of Roche, Patilla, Chancleta, Media Luna, La Horqueta, and Campo Herrera.

Status of prior consultations as of 2018

(Own indicator)

Roche Community Council

In compliance with the ruling of the second instance of the Honourable Council of State of December 9 of 2016, we carried out two prior consultations. The first concerned the type of property ownership to be chosen by 25 resettled families (horizontal property or a collective territory of black communities), which was formalized without agreements since the 25 families could not reach an agreement amongst themselves. Therefore, horizontal property ownership was maintained.

The second prior consultation is to guarantee the principle of equality to a settlement that sold its rights to Cerrejón and lived from 1997 to June 10 of 2003. This consultation took place with the participation of all the guarantor entities and the active direction of the Administrative Court of La Guajira.

Community Councils of Patilla and Chancleta

In compliance with Ruling T-256 of 2015, we carried out the prior consultation, which was formalized on December 14 of 2016. The agreements were implemented with 60 families from Patilla and Chancleta (resettlement measures). Only two (2) families did not avail themselves of the collective agreement, at which the first instance judge ruled that they must resort to the courts of law. Cerrejón made 100% of the agreed-on payments.

In 2018, the Ministry of the Interior concluded the consultation after verifying compliance with the agreements made between the company and the community.

Wayuu Indigenous Communities in the Media Luna Sector²

In compliance with the fifth order of Ruling T-704 of 2016 by the Constitutional Court, Cerrejón requested permission from the Ministry of the Interior to begin the prior consultation process on April 30 of 2018. This year, we reached the start-up stage of the consultation, determining the roadmap for the process.

The third order is specifically related to the necessary prior consultation for the implementation of the Puerto Bolívar Expansion project. That prior consultation was formalized with agreements on March 2 of 2018, and it is currently in the monitoring stage.

Wayuu Indigenous Community of La Horqueta

In compliance with the ruling of the Council of State as part of the Tutela 2016-0079 file, we are carrying out the prior consultation regarding the engineering works "Partial modification of the course of Bruno Creek". In 2018, meetings were held as part of the stage for the analysis and identification of impacts and the preparation of management measures. This allowed us to work together to build a matrix of impact identification and to identify land expansion as being the management measure the community was most interested in.

Wayuu Indigenous Community of Campo Herrera

This consultation was carried out as part of the process of obtaining the administrative authorizations for the engineering works "Partial modification of the course of Bruno Creek". In 2018, we made progress on implementation of the agreements formalized on May 1 of 2014. A

follow-up meeting was called by the Ministry of the Interior and was attended by the National Environmental Permitting Authority (ANLA, its acronym in Spanish), the Solicitor General's Office, the Public Ombudsman, Corpoguajira, the Office of Indigenous Affairs (both department and municipal), the Municipal Ombudsman of Albania, and delegates from the Association of Wayuu Indigenous Authorities (AIWA).

In addition, satisfactory progress was made in the citizen participation agreements (Environmental Oversight Commission, Community Oversight, and Celebration of an Agreement), in the environmental management measures (community plant nursery, collection of seeds of native species), and in the production-enhancing program (delivery of sheep, goats, and cattle, and the social investment programs).

An interdisciplinary team provided support to continue working on complying with our obligations, reaffirming our commitment to hold constructive dialogue to promote participatory occasions with the communities neighbouring our operations that lead to building trust and future for the region.

Third Party Review (TPR)

In 2007, we and our shareholders brought together a Third-Party Review Panel aimed at improving our management of the socio-environmental impacts caused by the mining operation in Cerrejón's areas of influence.

The panel comprised: John Harker, professor of the University of Cape Breton in Canada; Salomón Kalmanovitz, former dean of the Faculty of Economics of the Jorge Tadeo Lozano University; Nick Killick, a member of the NGO International Alert; and Elena Serrano, a lawyer and member of the NGO House of Peace (Casa de la Paz).

This group evaluated our social performance and issued 24 recommendations to adopt international standards on socio-environmental impact management, strengthening our social strategy and the Foundations System (now the Cerrejón Foundation), and complying with the pending commitments with communities impacted by our operations, including resettlements.

Based on those recommendations, over the last ten years, we have reached agreements with communities on access to water, community strengthening, improvements to

dwellings, production projects, educational aids, and other sustainable development initiatives. As of this reporting period, we have fully complied with 22 of the 24 recommendations. The two pending recommendations concern:

- Restoring the means of livelihood to the five resettled communities, which has two components
 - Current situation
 - Measurement of recovery of livelihoods
- Construction of the symbolic site of the Tabaco community



² Media Luna Dos (Koushimana, Aturrutchon y Kasushi), Casa Blanca, Choretchon, Etkimana, Jararalu'u, Lechemana, Pioulekak, Piuula, Media Luna Uno (Sarutsira and Yokuyukushi), Youleru, Warerushi, Kamusuchiwo'u, and Ko'ushimana II.

RESETTLEMENTS

Restoring the means of livelihood to the five resettled communities, which has two components.

Current situation

Status of prior consultations related to resettlements as of 2018

Roche community:

Council of State – Filed 0058-01

- **Fourth Order.** With the participation of the 25 resettled families, determine the type of property ownerships for the new settlement (horizontal property or collective territory of black communities).

All the consultation stages were completed under the coordination of the Prior Consultation Directorate of the Ministry of the Interior and the participation of government oversight agencies. The process was formalized without agreements since the 25 families could not agree amongst themselves. Thus, the horizontal property ownership was maintained.

- **Third Order.** Include the inhabitants who sold and inhabited their rights to Intercor and Carbones del Cerrejón from 1997 to June 10 of 2003, as per the principle of equality.

In May of 2018, an agreement was reached with those who met the criteria to receive benefits, indemnity, and compensation from the resettlement management measure. The presiding judge requested, through different administrative actions, the community's consensus as regards the definition of the set of beneficiaries.

Communities of Patilla and Chancleta:

Constitutional Court – Ruling T-256 of 2015

The agreements formalized on December 14 of 2016 were implemented with 60 families from Patilla and Chancleta who accepted the agreement from the Fourth Order (Resettlement Measures). Only two (2) families did not avail themselves of the collective agreement, at which the first instance judge ruled that they must resort to the civil courts of law.

Cerrejón has already completed 100% of the payments. In 2018, the Ministry of the Interior concluded the consultation after verifying compliance with the agreements made between the parties (the company and the community).

Measurement of Recovery of Livelihoods

The independent consultant Intersocial evaluated the five resettlements in 2017 in order to determine the status of well-being and the restoration of the means of livelihood of the resettled families. The consultant analysed eight categories in its Social

Framework (people, community, culture, livelihoods, housing, infrastructure, land, and environment) and found significant progress in the housing and infrastructure categories.

Nevertheless, there was still evidence of challenges in the situations of people, community, means of livelihood, and culture. Therefore, the evaluation recommended that Cerrejón implement a long-term Monitoring and Evaluation Plan that includes indicators from the entire Social Framework component and focuses on measuring well-being and the restoration of means of livelihood. It also suggested expanding the approach of the company's monitoring and evaluation, which is currently based mainly on the monitoring and tracking of the Multidimensional Poverty Index.

Thus, Cerrejón has progressed in the definition of a series of indicators (approximately 60) associated with the eight Social Framework categories. They are measured using different data collection methods such as observation, surveys, interviews with focal groups, questionnaires, and psychological-social assessments of resettled families by professionals. The goal is to determine the well-being status of families in the communities of Roche, Patilla, Tamaquito II, Chancleta, and Las Casitas. The field work and data analysis will take place in 2019 with the aid of the National Consulting Centre (CNC, its initials in Spanish), who will provide the design and application of the data-gathering tools, and the data processing and analysis. The communities will provide support and participation to ensure a participatory and collaborative process leading to strategy implementation if evidence is

found of gaps in the social indicators assessed.

STATUS: UNDERWAY

TABACO

Background

Tabaco was a district covering 14 hectares. Its inhabitants were considered occupiers of land classified as vacant by the government. It had no collective ownership of the land politically it was a district belonging to the municipality of Hatonuevo.

In 1997, at the start of the Cerrejón mining expansion, the company began a process under the terms covered by existing law at the time. The negotiations were held directly with the property holders, reaching initial agreements with 150 of the 168 owners of improvements and later with another nine. The purchase offers adhered to the commercial assessments made and totalled over COP 3.564 billion.

These offers compensated not only the material goods (properties and possessions with the value of their production capacity), but also pain and suffering damages such as the loss of social fabric and their relations with the site of their daily living. The goal of this mechanism was to provide a fair, satisfactory negotiation for each of the parties. In 2007, after the Third Party Review, Cerrejón voluntarily agreed to partner with the municipality of Hatonuevo through the Cooperation Agreement of 2008 for the physical rebuilding of the village. We also agreed with the Tabaco Social Pro-Relocation Committee on compensation to address the claims of the Tabaco families.

Construction of the symbolic site of the Tabaco community

In 2018, talks continued with the Tabaco community through the agreement's Monitoring and Oversight Committee. In addition, Hatonuevo changed its Land Use Plan, reassigning the 189 hectares donated by Cerrejón to the municipality in 2017 from rural use to a property on which the village could be built. This property is located beside the La Cruz location, chosen by the community for building the new settlement.

In 2019, talks are expected to continue with the new local administration in the election term of 2020-2023 in order to have them incorporate the rebuilding project in their development plan in the hope that will lead to concrete action for rebuilding the village.

Cerrejón keeps to the commitments reached in the 2008 agreement in order to begin construction of the community centre as per a social business model agreed to with the community. Further, we will start work on the property's road layout as soon as the municipality performs the necessary preliminary studies for the rebuilding of Tabaco.

Legal Situation

Pending ruling by the Constitutional Court given the tutela action of 2014 by the ombudsman of Hatonuevo representing the Tabaco Social Committee.

In December of 2018, a new tutela action was brought by the Committee, which was denied in the first instance court due to the existence of a ruling issued in 2002, ordering the municipality to re-establish the rights of nine minors of the plaintiff families and to undertake the actions for a housing program in favour of the community members.

STATUS: Underway

Restoring the means of livelihood to the five resettled communities

Below, we present the progress on the commitments with the resettled communities.

Access to water

Water apt for human consumption

The Ranchería River is the water source of the 173 families in the communities of Roche, Patilla, Chancleta, Las Casitas, and Tamaquito II. It is treated at two drinking-water treatment plants in full operation.

However, there have been some difficulties in water delivery, particularly in Chancleta. This has resulted in works to improve the mains and infrastructure, which hampers service optimization and delivery.

To resolve this situation, in 2018 we reached an agreement with Chancleta aimed at optimizing this service and establishing a timeframe for meeting it. In addition, as part of the cooperation agreement between Cerrejón and the Association of Users of the Aqueduct and Sewage System of the Community of Tamaquito II (TAMAWUIN), we donated the resources to ensure the proper management for the operation and maintenance of the water treatment plant supplying the drinking water to the community families.

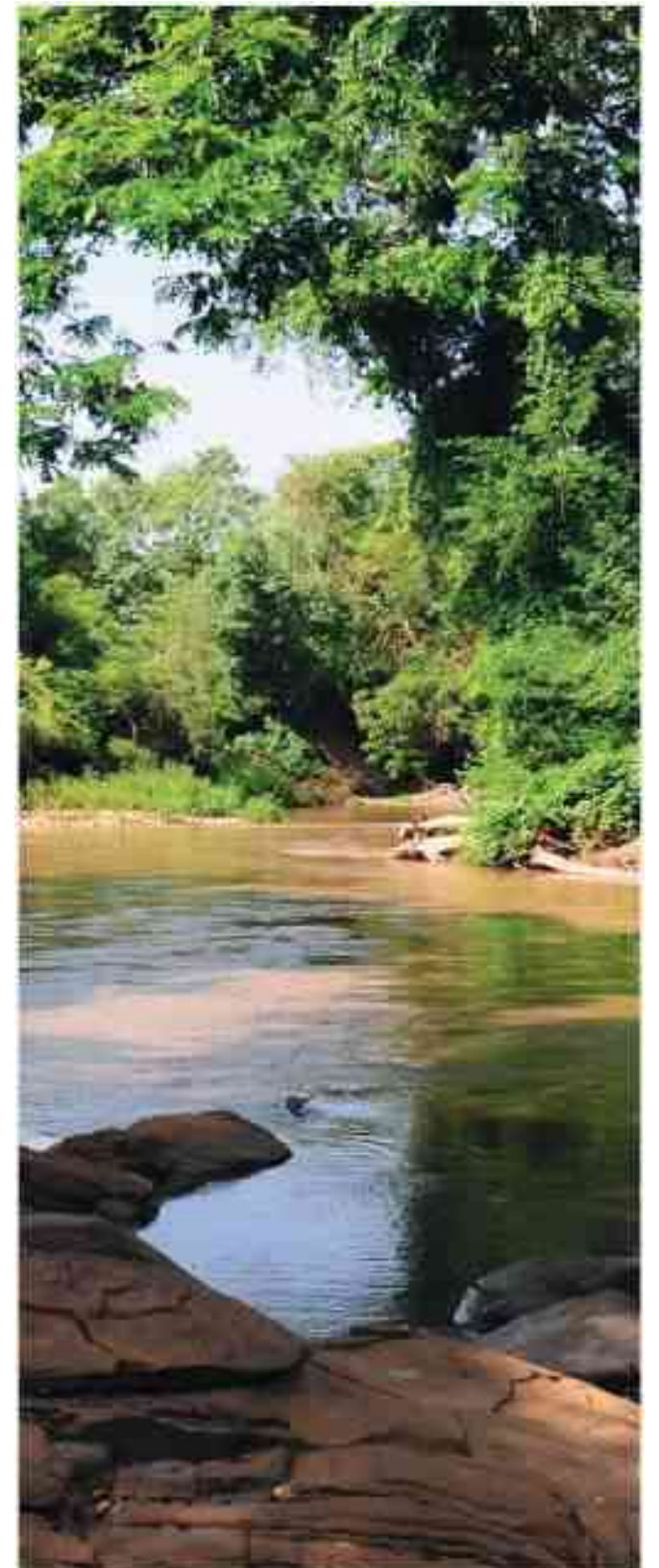
Water for Production Projects

The pipelines for water for the production projects are 100% complete. In 2018, we received approval from Corpogujira for the change in permits to capture water from the Ranchería River, which includes the communities of Tamaquito II and Las Casitas as lease beneficiaries.

Currently, the families of Roche, Tamaquito II, Patilla, Las Casitas, and Chancleta have a water outlet at each lot for their joint-owned projects. In addition, Cerrejón carried out campaigns for rational water use for both human consumption and irrigation.

Management of Wastewater

An agreement of collaboration was signed between the Barrancas Mayor's Office and Cerrejón to join forces and technical, administrative, and financial resources to construct the sewage systems for the resettlements of



Roche, Patilla, Chancleta, and Las Casitas, joining them to the municipal sewage system, upgrading the wastewater pumping station, and cleaning sections of the existing sewage system in Barrancas.

The works for the sewage installation began on September 6 of 2018 and had progressed to 17.7% completion by the end of the year. The work is expected to be completed by June of 2019.

Production Projects

In 2018, we continued to implement and develop production projects with 166 resettled families. This includes the implementation of 190 projects, of which 119 are currently in operation.

Further, the Tamaquito II collective production project is advancing satisfactorily. In 2018, Cerrejón disbursed 95% of the agreed-on resources, destined to investments in infrastructure and supplies, agriculture, machinery, equipment, and community administrative costs.

In addition, considerable progress was made in strengthening the community's family production projects, complying with the capital deliveries agreed on for each of the 30 families.

Infrastructure

The house repairs progressed in accordance with the timeframe agreed on with the communities. In 2018, Cerrejón repaired 63 of the 140 houses in the communities of Roche, Patilla, Chancleta, and Tamaquito II.

The repair works were carried out with the community-based groups of: the Patilla Community Action Group, the Patilla Association of Resettled Families, the Community Action Committee of Roche, and the Womain Collective Work Company (from the community of Tamaquito II).

Education

Educational Strengthening

At the end of 2017, the program for educational support concluded in the communities of Roche, Patilla, Chancleta, and Tamaquito II, bringing to a close the agreed-on terms reached by the company and the family signees. However, in 2018, we voluntarily continued providing educational support for these communities in order to strengthen and develop skills allowing the student population to improve their academic levels.

As a result of this program, we worked with 269 children from the five resettled communities in the areas of subject strengthening, ITC, art and culture, early childhood, and special projects.

Educational Aid

In 2018, a total of 30 people received educational aid to finance their tuition and technical, technological, and professional studies in any national institution. One hundred members from resettled families completed their studies with this program. Diana Silva Carrillo, from Patilla, was the 100th student, graduating with a degree in Social Work from the University of La Guajira.

Income Generation

In 2018, an income strategy was designed based on the joint agreement and construction of five basic programs:

- Employability
- Production activity on joint-owned properties
- Revolving Fund
- Production Projects
- Productive Senior

Employability

This program aims to strengthen the conditions, skills, abilities, and opportunities for employability as an integral process contributing to generating income, benefits, and creating conditions that improve their living conditions at the new location. In 2018, we supported 20 young people from the communities of Patilla, Chancleta, Las Casitas, and Roche to enter the SENA apprenticeship program.

Other Actions

In 2018, we continued supporting the community in meeting the requirements of the National Land Agency to constitute themselves as the Indigenous Reservation Tamaquito II. The state authorities are

expected to provide a response as to the constitution of this community by the second quarter of 2019.

An independent assessment in 2017 focused on the five resettlements to determine the status of well-being and the restoration of the means of livelihood of the resettled families based on a Social Framework with eight categories: people, community, culture, livelihoods, housing, infrastructure, land, and environment.

The assessment revealed significant progress in the housing and infrastructure categories. Nevertheless, challenges remain in the categories of people, community, means of livelihood, and culture. Therefore, it was recommended that we implement a long-term Monitoring and Evaluation Plan that includes indicators from the entire Social Framework, focused on measuring well-being and the restoration of means of livelihood and on expanding the focus of monitoring and evaluation applied, where only the Multidimensional Poverty Index had been considered previously.

In response to the above, in 2018 we defined a set of indicators (approx. 60) associated with the eight Social Framework categories. These indicators will be measured using various methods of data-gathering, such as observation, surveys, focus groups, questionnaires, psychological-social assessments of resettled families by professionals, and others.

This will allow the determination of the status of well-being of the families of the communities of Roche, Patilla, Tamaquito II, Chancleta, and Las Casitas. The field work and data analysis will take place in 2019 with the aid of the National Consulting Centre (CNC, its initials in Spanish), which will provide support for the design and application of the data-gathering tools, and the data processing and analysis. The communities will be involved in this process to ensure it is participatory and collaborative.



CHAPTER

04

ETHICS, GOOD GOVERNANCE, AND RISK MANAGEMENT

ETHICS, GOOD GOVERNANCE, AND RISK MANAGEMENT

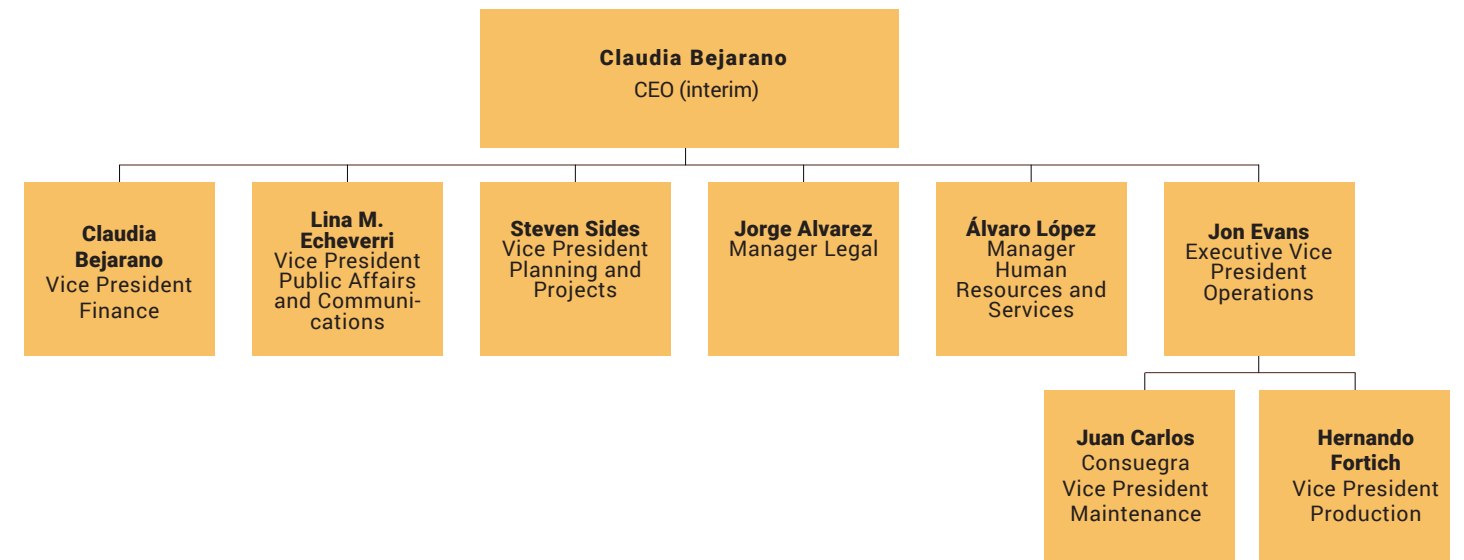
At Cerrejón, we understand that one of the main obstacles to reaching sustainable development is corruption. This problem is present not only in governments, but also in companies and civil society, threatening our democracy and our access to new and better opportunities. According to the Corruption Perceptions Index,¹ Colombia ranks 99 out of 180 countries. It has fallen three spots compared to 2017 and is at its most concerning, historic low since 1995, the year that measurement of this indicator began.

In this context, actions to fight against corruption are vitally important to strengthen the processes of organizations and promote a transparency-based environment that will build trust in the country. Our commitment to the region's development drives us to face these challenges, implementing models of corporate governance, the application of conduct policies and guidelines, and a comprehensive anti-corruption management. In line with the above, our company has a work scheme agreed to by our shareholders to carry out transparent,

ethical operations that prevent the occurrence of critical business risks and mitigate the impacts of those that do arise.

Corporate Governance (102-8)

At Cerrejón, we have a governance structure that leads the different company areas to carry out our operations strategically.



(102-18)

In order to track the adoption, implementation, and oversight of the policies, guidelines, and programs, we have the senior management committees listed below.

Committees	
Shareholders' Committee	Approves corporate strategy and the budget, and evaluates company performance.
Audit and Finance Committee	Addresses topics related to external and internal controls and audits, and reviews financial matters.
Internal Control Committee	Evaluates breaches of the Conduct Policies and Guidelines, which includes those reported to the Ethics Reporting Line. It also approves fines where needed.
Management Development Committee (MDC)	Defines the human management strategy, including changes in organizational structure. Makes decisions on personnel, performance, talent development, compensation, work, and occupational health.
Operational Integrity Committee	Monitors and evaluates the management and results of operational integrity (health, safety, environment, and communities).
Social Investment Committee	Reviews and approves the programs and projects associated with impact management and the company's social investment.
Management Committee (MC)	Approves required cases in accordance with the Delegation of Authority Guide (DOAG), mainly those associated with purchasing and contracts.
CEO's Committee	Deals with strategic topics that require senior management's direction and decisions.
Strategic Committee on Safety, Health, Environment, and Community (CESSMAC, its initials in Spanish)	Strategically orients Cerrejón's aspects relevant to safety, health, environment, and community.

¹ Initiative led by Transparency International.

Prevention of Corruption and Conflicts of Interest

We have implemented a program to prevent and avoid international bribery, money laundering, and financing of terrorism as part of our commitment to promoting a culture of zero tolerance towards corruption. All company levels have been trained and are committed to the prevention of these crimes. We also have procedures to ensure that all programs and activities are carried out correctly.

At Cerrejón, we have a due diligence process, which is a fundamental mechanism for corruption prevention, consisting of a series of steps and measures that allows us to first know the third parties we are associated with. To do so, we request information from the third party, consult restriction lists, and analyse possible conflicts of interest in order to align our transaction with our policy of zero tolerance towards corruption and with our Risk Management System of Money Laundering and Financing of Terrorism (SARLAFT, its initials in Spanish).

The effectiveness of our anti-corruption and SARLAFT programs depends on the commitment of our employees, suppliers, and contractor firms. Therefore, we implement a training plan that aims to update and consolidate knowledge on corruption prevention, international bribery, money laundering, and financing of terrorism in each of these stakeholder groups.

The sessions aimed at employees include classroom workshops where we go over concepts and discuss practical cases and core aspects of the due diligence procedure. We also have an online course and a qualification examination that must be passed every two years for the certification of employees filling positions that might be more exposed to such risks.

In addition, we hold training sessions in Bogotá and Barranquilla for our suppliers and contractor firms. In these activities, we reiterate the commitments to comply with the Ethics Policy, the Guidelines for the Prevention of Corruption, and the SARLAFT. In 2018, the training plan was completely met, even exceeding the number of participants expected.

IN 2018 THE PLAN OF TRAINING WAS FULLY ACCOMPLISHED, EXCEEDING THE EXPECTED PARTICIPATION.

Our programs have evolved and permeated all company areas since 2013. In fact, we can confidently state that these programs are so mature that it is reflected in our organizational culture and in the results of audits.

100% OF CERREJÓN'S TRANSACTIONS WITH THIRD PARTIES IN 2018 WERE SUBJECT TO DUE DILIGENCE.²

Reporting Channels

All of our employees, contractor firms, and third parties can anonymously and confidentially report any possible breaches of our policies via the reporting channels listed below.

Reporting Line operated by Navex Global

(independent third party)
From within Colombia: 01-800-911-0011
Upon connecting, enter number: 844-287-1872

Web Page

www.eticacerrejoncmc.ethicspoint.com

Internal Control Management

(57-1) 595-2777
(57-5) 350-2777
From Cerrejón – Extension 2777
E-mail: controlinterno@cerrejon.com

In addition, our Complaints Office can also accept these types of reports and, together with Internal Control, transfer the cases for investigation.

IN 2018, WE RECEIVED 60 REPORTS, WHICH WERE INVESTIGATED AND LED TO DISCIPLINARY ACTIONS AND LEGAL ACTION AS NECESSARY. THERE WERE NO CASES OF CORRUPTION.³

Procedure for Risk Management

In order to ensure the effectiveness of our risk management, we have established internal procedures to evaluate the design and compliance of controls implemented, verifying that the record of risks and their respective controls is updated and operational, and that all actions established to understand, prevent, and mitigate risks are executed in a timely fashion. If weaknesses are identified, plans of action are established. Their implementation and closure are under the charge of Internal Control management, which is responsible for continual monitoring of this matter.

(102-11)

WE TAKE THE PRECAUTIONARY PRINCIPLE AS A BENCHMARK, AVOIDING TAKING ON RISKS THAT, IF THEY OCCURRED, WOULD CAUSE IRREVERSIBLE DAMAGE TO STAKEHOLDERS OR TO THE ENVIRONMENT.

Risk Categories at Cerrejón

MAIN RISK CATEGORIES						
	COLLISION	EXPLOSION	INTEGRITY ASSETS	REPUTATION	MANAGEMENT ENVIRONMENTAL	COMPETITIVENESS
RISK EVENT	Collision between vehicles, with the train, with people or animals, or of an airplane.	Unexpected detonation of explosives in or outside our area of influence.	Damages to, failure of, or loss of assets or critical infrastructure at the Mine or Port.	Internal fraud or corruption in employees or third parties; non-compliance with laws, regulations, or human rights violations.	Breach of environmental regulations or policies.	Establishing new regulations, volatility of coal prices

²Our own indicator: Percentage of Cerrejón transactions with third parties on whom due diligence has been applied.

³Our own indicator: Reports presented and investigated this year.

(102-16)

In this area, we have a Delegation of Authority Guide (DOAG) and a Manual of Behavioural Policies and Guidelines, which guide our work. These guidelines are applied at all company levels, supporting and strengthening the controls associated with corporate risks, the prevention of losses due to illegal acts, and generally compliance with national and international standards and laws.

The manual comprises 19 policies of mandatory compliance for all employees, contractor firms, and key third parties we interact with. It also includes work guidelines as regards ethics and the prevention of corruption, relations with clients and product quality, conflict of interest, communications, political activities, management and fraud oversight, human rights, social labour responsibility, labour promotion for communities in the area of influence, risk management, safety, health, environment and community, system safety, use of alcohol and drugs, travel expenses, senior positions and the fight against money laundering and the financing of terrorism, equal opportunity, and others.

In 2018, all those responsible for risks and controls identified in the company were trained to ensure their understanding of the methodology and tools established by Cerrejón to manage risks and their controls. This process allows us to ensure the implementation of effective controls for risk treatment.

Our policies and lessons learned are continually shared through talks and courses aimed at our employees, contractor firms, and business partners. One example is the recertification process required for all professional employees every two years and the training for qualified technical personnel (operators, mechanics, auxiliary staff, assistants, and office workers) in ethical behaviour, reporting conflicts of interest, and controls applicable to their positions.

**100% OF OUR PROFESSIONAL
EMPLOYEES HAVE BEEN TRAINED
IN THESE CORPORATE POLICIES
IN THE LAST TWO YEARS ⁴**

⁴ Own indicator: Employees trained in corporate policies.



GENERATION OF INDIVIDUAL VALUE

CHAPTER

05



GOAL: 8.3, 8.5, 8.6, 8.7, 8.8

Opportunities for Professional Development and Equal Opportunity

(102-7) (102-8)

Our own indicator: Employees trained in corporate policies.

At Cerrejón, we generate value for all our collaborators in a healthy, safe environment that promotes pride, a sense of belonging, and reaching one's dreams. Our business consists of a valuable team of people (mainly from La Guajira) who are always willing to contribute and achieve excellent results from the starting point of a trustworthy operation.

One of our operation's priorities is the generation of local jobs. To that end, we seek not only to promote a leadership role for women in mining, but also to generate higher levels of equality, contributing to the development of indigenous peoples and other communities.

We have 6,171¹ direct employees working for us full time, and 66.6% of them are from La Guajira. In addition, a further 7,099 people provide support through contractor firms, primarily in technical areas of the operation.

¹ Cerrejón has a formal data system for logging, monitoring, and reporting data. The data supplied is found in the database and corresponds to active employees up to December 31 of 2018. Further, there were no significant variations compared to previous years.

PROMOTING LEADERSHIP ROLES FOR WOMEN AND GREATER EQUITY IN MINING

In 2018, 50% of our administrative staff hires were women in a bid to establish the necessary bases to build a prosperous, sustainable, and inclusive economy.

Female participation in the company rose from 7% in 2017 to 8.6% in 2018, and for administrative and supervisory personnel, it rose from 22% to 25% in that same period.

We have 229 Wayuu employees and six members of other ethnic groups.

(406-1) In 2018, there were no cases of discrimination in the operations.

Women comprise 8.6% of our direct employees in diverse areas ranging from administration to noteworthy roles as maintenance mechanics or mine equipment operators. They also lead the pack in the areas of finance, human resources, production support, railway, communications, and public affairs. In social engagement, our Wayuu employees play a crucial role in coordinating the work we do with communities.

Since the start of our operations, we have worked to have constructive relations with our personnel and have undertaken different actions to train and instruct all our employees. We respect freedom of association and promote a culture of self-protection.

6,171 DIRECT EMPLOYEES COMPRISE OUR COMPANY, AND 7,099 WORK FOR US THROUGH CONTRACTOR FIRMS.



We have 530 direct female employees and 635 female workers with our contractor firms.

74 WOMEN IN LEADERSHIP POSITIONS

Our Workforce (102-8)

Day to day, we strive to generate value for our workers. Therefore, understanding them and contributing to their reaching their dreams is a fundamental part of our operations and also of their professional and personal growth.

Our Workers by Region

We believe in the growth of the local economy and in promoting the development of each of the families in the area where we operate. Therefore, over half of our workers are originally from La Guajira. We also have workers from the rest of the Caribbean coast, the rest of the country, and from abroad.

	LA GUAJIRA		REST OF THE CARIBBEAN COAST		Rest of the Country/A-broad	
	%	#	%	#	%	#
Direct	66.6	4,110	25.6	1,581	7.7	480
Contractors	52.0	3,691	40.1	2,846	7.9	562
Total	58.8	7,801	33.4	4,427	7.9	1,042

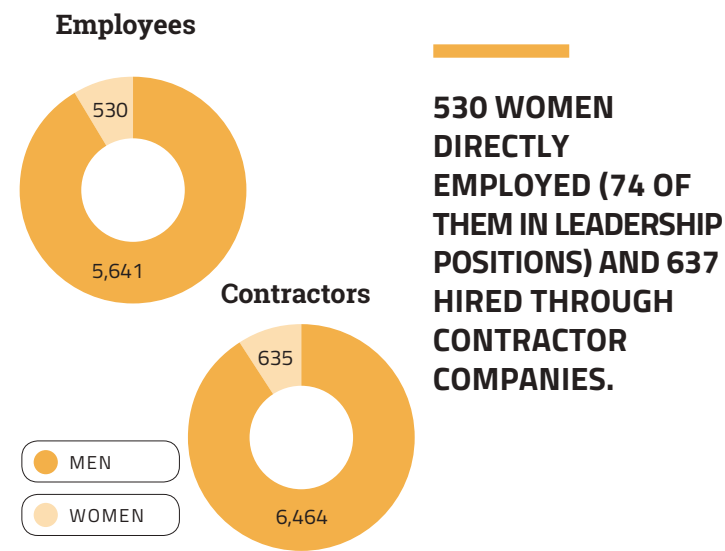
Our Workers by Gender

(405-1)

We are well aware that reaching equal hiring in all company areas is not an easy task. However, in 2018, we did hire the same number of women and men in administrative areas, based on merit and company needs.

Our Workers by Position

At Cerrejón, it is important for us to have a fair, capable, and inclusive workforce, and so we endeavour to hire people who meet this purpose and the operation's needs.

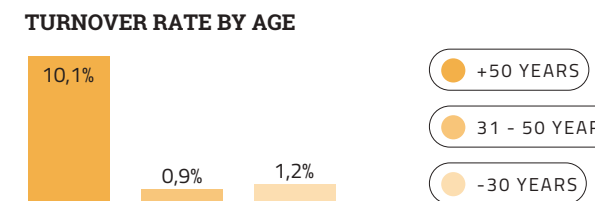
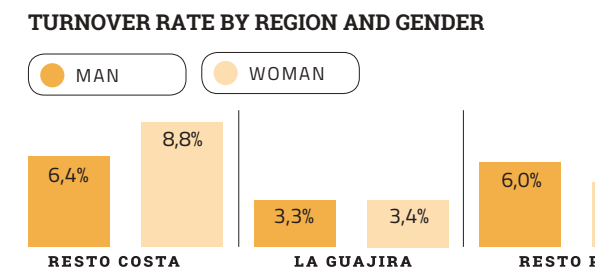
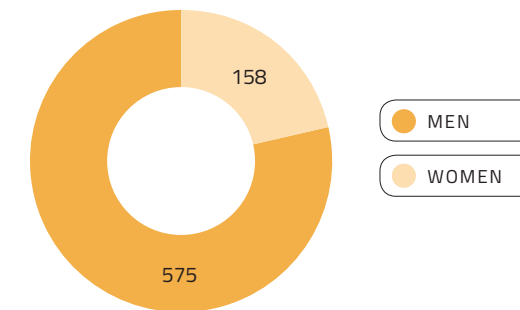


530 WOMEN DIRECTLY EMPLOYED (74 OF THEM IN LEADERSHIP POSITIONS) AND 637 HIRED THROUGH CONTRACTOR COMPANIES.

BY WORKFORCE CATEGORY					
Management	Managers to Supervisors	Analysts and Specialists	Technical personnel (mechanics, operators, office workers)	Apprentices	
7	424	519	4.883	338	
BY GENDER					
Gender	Senior Management	Managers to Supervisors	Analysts and Specialists	Technical personnel	Apprentices
Women	2	72	159	220	77
Men	5	352	360	4.663	261
Total	7	424	519	4.883	338
BY AGE					
Age	Senior Management	Managers to Supervisors	Analysts and Specialists	Technical personnel	Apprentices
Under 30 years old	0	35	47	665	300
From 30 to 50 years of age	1	235	325	2.752	38
Over 50	6	154	147	1.466	0
Total	7	424	519	4.883	338
BY MINORITY GROUP					
Minority	Senior Management	Managers to Supervisors	Analysts and Specialists	Technical personnel	Apprentices
Wayuu	0	6	10	203	10
Other ethnic group	0	0	1	1	4
Total	0	6	11	204	14

Training and Well-Being of Our Workers New Hires 2018

(401-1)

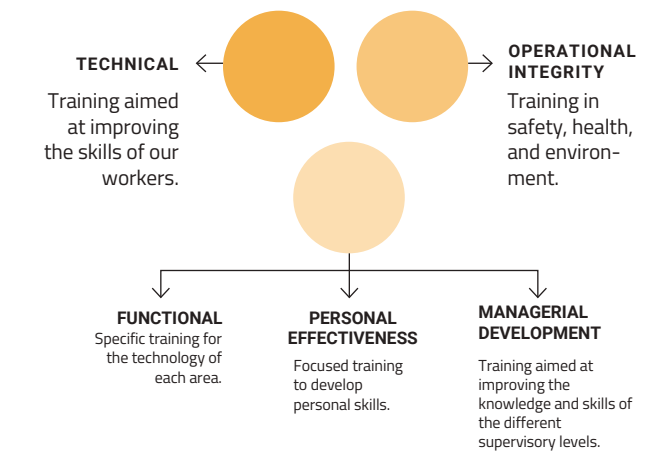


Part of our commitment to promoting a setting for quality and joint work depends on hiring workers who respond to Cerrejón's needs and can be an active part of the company's processes. Therefore, in 2018 we hire 733 workers for the entire operation, of whom 158 were women and 575 men.

At Cerrejón, we promote a working environment that positively contributes to the quality of life of our workers and fosters their professional growth by generating transparent and constructive dialogue, decent working conditions entitled to compensation, recognition, and remuneration.

Instruction and Training

In keeping with our aim of promoting a healthy environment for professional growth, in 2018 we held 366,051 training hours distributed in five categories of training skills, which are provided throughout the professional paths of our workers.



Total 2018 training for Cerrejón workers.

CATEGORY	PRESENT			PERSON HOURS			%
	MPT	PTC	TOTAL	MPT	PTC	TOTAL	
Personal Effectiveness	377	6,321	6,698	1,334	7,490	8,824	2
Functional	456	1,878	2,334	2,770	6,784	9,554	3
Managerial development	280	255	535	963	1,332	2,295	1
Operational integrity	4,246	30,545	34,791	15,165	115,991	131,155	36
Technician	1,779	23,890	25,669	10,525	203,699	214,224	59
Total	7,138	62,889	70,027	30,757	335,294	366,051	100

Well-Being of Our Workers

(401-2)

In our efforts to improve the well-being of our workers, we have striven to generate benefits that impact their quality of life:

MAIN BENEFITS	INVESTMENT 2018 (Millions of pesos)	COVERS ALL EMPLOYEES	COMMENTS EMPLOYEE COVERAGE
Complementary healthcare plans to meet the medical needs of our employees and beneficiaries in a private healthcare plan.	\$35.531.963.118	X	PTCs with fixed-term and permanent contracts. MPTs with fixed-term and permanent contracts equal to or over six months.
Pension Plan to promote long-term savings and capital assets.	\$22.758.049.706	X	PTCs with fixed-term and permanent contracts. MPTs with fixed-term and permanent contracts equal to or over six months.
House-buying loans with better-than-market conditions.	\$12.241.942.854	X	Employees with a permanent contract with over three years of seniority.
Comprehensive insurance plan to aid the economic security and protection of an employee family in case of death due to natural causes or disability.	\$11.842.396.823	X	All employees
Productivity bonus: a bonus for our employees for meeting operational targets and safety and quality performance indicators.	\$14.947.996.083	X	PTC: All employees MPT: Employees up to level 5
Travel expenses for medical treatment: An aid to cover travel and hotels in case of medical treatment in another city other than the employee's site of residence.	\$3.557.189.198	X	PTCs: All employees MPTs: Residents in La Guajira
Educational aid: Aid to cover costs for school and university education for the children of our workers.	\$19.281.289.266	X	PTCs: All employees MPTs: Employees up to level 3 for university aid.
Educational Assistance Plan: Aid to help workers to develop skills enabling them to perform better in their current position and those they may occupy in the future.	\$375.824.413	X	Employees with permanent contracts.
Special bonus for our employees to encourage meeting operational targets and safety and quality performance indicators.	\$33.177.311.872		Technical staff (PTCs)
Conventional loans: Financial aid for employees with economic difficulties.	\$694.489.457		Technical staff (PTCs)
Conventional aid	\$4.085.336.911		Technical staff (PTCs)
Vacation bonus	\$20.640.062.674	X	PTCs: All employees MPTs: Employees with basic salary
Christmas bonus	\$19.999.139.415	X	PTCs: All employees MPTs: Employees with basic salary

Maternity and Paternity Leave

(401-3)

With the aim of greater well-being for our workers, and in accordance with Colombian law, 100% of our employees may take maternity or paternity leave. In 2018, 100% of our workers who took this leave returned to the company and accompanied us for 12 months after having had the leave.

in our operations, three women occupy key positions in the company: Production Support, Railway Superintendency, and Safety.

Organizational Policies

- In the reporting period, we made a change in the fixed-term hiring policy to replace workers on maternity leave. This allows us to keep workloads balanced for all team members and less stress in the newborn's home.

Partnerships

- We subscribe to the We Are Peers Pact, which commits Colombian firms to progress in gender equality as a means of achieving business competitiveness and innovation.

Inclusive Language and Bias Elimination

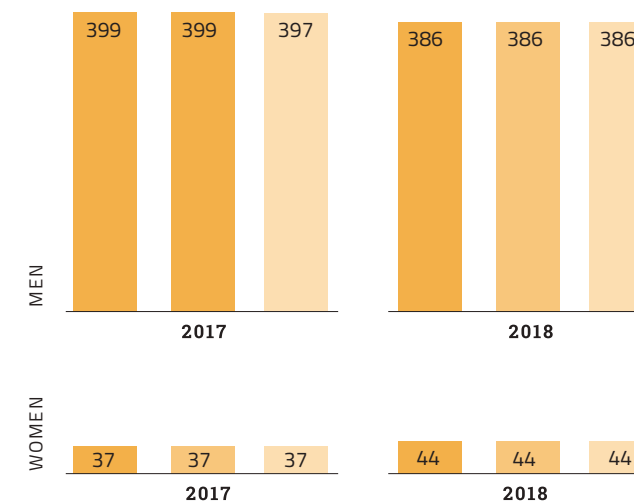
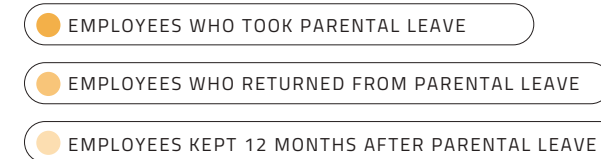
- We worked on building a strategy and an inclusive manual to use more inclusive language. We changed the term of secretary to assistant or office worker. This allows us to eliminate the paradigm that this role can only be filled by women, opening these positions for men to participate and apply for open positions.

Participation in Ranking

- We ranked 33 out of 131 companies nationally in the Gender Equality Ranking of Organizations by Aequales. In the category of Talent Management (which assesses the strategies, goals, and policies on gender equality and diversity in organizations), we scored higher (93.6) than the average in the top 10 (90.96).

- Further, we hold rank 28 out of 100 companies that participated in Merco Talento, and we are **the only mining company in the ranking. This study evaluates three dimensions: labour quality, employee brand, and internal reputation.**

Parental leave



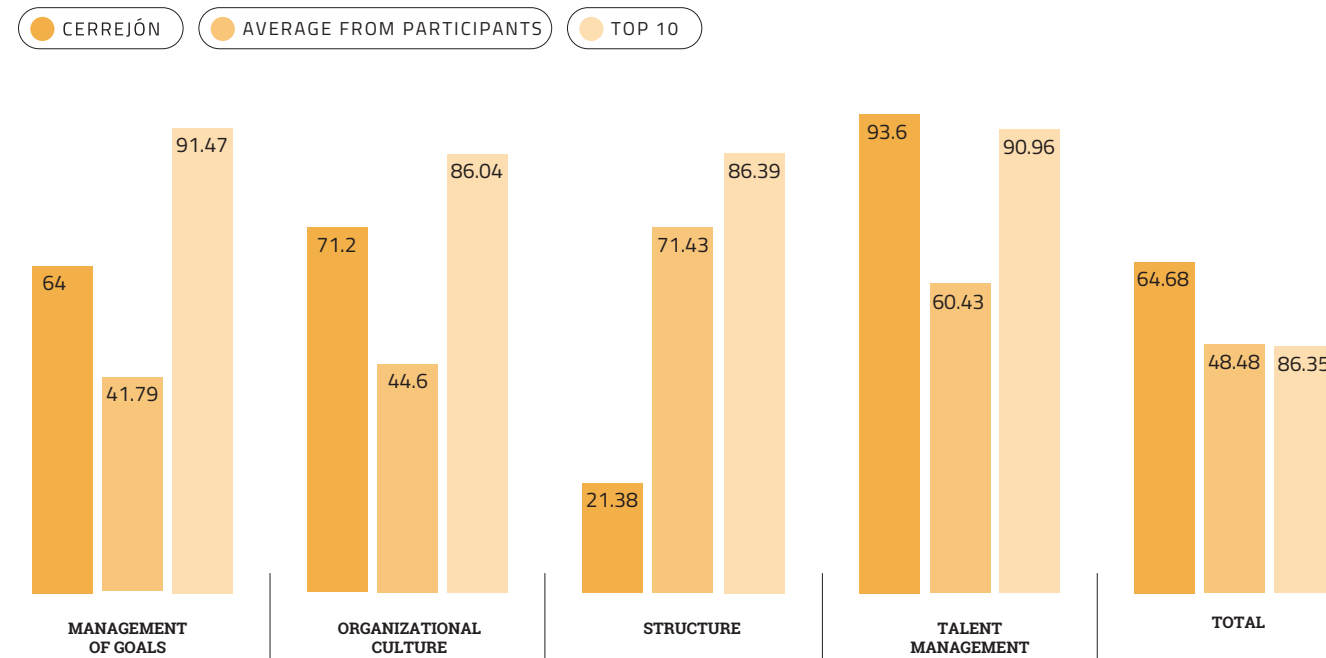
Milestones 2018

We carry out multiple actions in favour of equity and diversity in our policies, appointments, and partnerships with other companies, with the following being of note:

Hiring and Appointments

- From January of 2017 to December of 2018, our direct workforce rose from 5,997 to 6,171 people (an increase of 2.9%). Of the total workers to December 31 of 2018, 733 are new hires.
- The appointment of a woman as interim CEO was a milestone in our history. In addition, for the first time

INFOGRAPH AEQUALES 2018 RANKING



Challenges 2019

- Achieve female representation of 24% in the hiring of technical personnel, taking into account that it was 21.4% in 2018.
- Consolidate the onboarding process for new personnel in order to facilitate adaptation to the company.
- Make progress in the generational changeover for leadership positions.
- Develop a work environment assessment to continue working and strengthening the individual generation of value for our workers.

Equity and Diversity in the Mining Industry

Camila Prada is a mining engineer native to La Guajira and proud of her family and her indigenous roots. She specializes in environmental management and is a supervisor in the Cerrejón Coal Handling Superintendency. Under her leadership and with her team's support, this empowered woman is in charge of coordinating coal haulage from the various extraction areas to the crushing plant in 190-tonne mining trucks. There, the coal is crushed and then transported by train to Puerto Bolívar, where the coal ships set sail for different parts of the world.

Camila is one of over 1,100 women who work directly for Cerrejón and with our contractor firms. "When I was hired by the company, I was in charge of 80 people, of whom only three were women. It was a huge personal challenge," she recalls emotionally. Historically, mining has been a man's industry in Colombia, but also in all those countries with a mining history.

Promoting the role of women in this sector has become one of Cerrejón's main commitments in recent years as we seek a fairer and more inclusive social transformation. We have invested our efforts and resources in promoting the comprehensive development of our workers, achieving work environments that foster equity, inclusiveness, and an ever more diverse workforce.

"At first, I thought that my male colleagues might ask themselves why they were going to be led by a woman with less experience than them. And many women don't apply for certain positions because they think they are exclusively male. We ourselves have stripped away those gender labels and shown that performance is a question of skill and discipline, regardless of whether you're a woman or a man," assures Camila. In her role, she works to give the best of herself, demonstrating that all of us can contribute based on our knowledge and experience to the development of a country's economic sectors and to the well-being of its inhabitants.

Leading Transformation in Equity

Jeison Argote is a performance management analyst with Cerrejón. He is a proactive Guajirano who seeks to contribute to transformation in the field of equity and inclusion within the company but also outside of it. "My decision to contribute to these changes comes from personal experiences. My father died, and I grew up with my sisters and my mother. In that environment, there is no type of distinction, we all did things equally. So when you hear about inequality, it's because those people are part of a system, and they do not think that that behaviour is a problem. But you realize that positive changes in society are possible, because many people are promoting equity. That is, a place where everyone belongs without physical or cognitive differences mattering."

Currently, Jeison is part of Cerrejón's Equity Committee, whose mission is to promote initiatives to allow the company to be more equitable and diverse by analysing, identifying, and designing mechanisms, strategies, the promotion of values, and compliance with the company's Equity and Equal Opportunity Policy. Previously, this committee focused solely on reviewing topics associated with infrastructure, policies, and equipment in operational areas with women. However, starting in 2017, it adopted a much more inclusive focus.

Part of that work has involved the construction of sanitary installations for women at the mine, uniforms tailored for a woman's physique, and changes to internal policies. Even beyond his technical and management duties on the committee, Jeison is a highly committed person. "Structures such as the Equity Committee provide moments when

you, with as much or as little as you have, can do something to bring about positive social changes, not only within the company, but also more generally."

Despite this progress, Jeison feels there is still much to do on this front as a society. Although we have achieved important advances, both personally and as a business, we are just beginning. "We have made great strides. Much more needs to be invested in transformative tools such as quality education and teacher training in order to raise our awareness from an early age so that this topic is a part of our DNA."

Safe, Healthy Work Environment

(403-1)

8.3 Promote policies aimed at supporting production activities, the creation of decent jobs, business ventures, creativity and innovation, and promote the formalization and growth of microbusinesses and small and medium businesses, including access to financial services.

8.8 Protect labour rights and promote a safe, risk-free workplace for all workers, including migrant workers, especially migrant women, and people with precarious work.

The safety and health of our workers is a fundamental value in our operations. Therefore, we continue to improve our Safety, Health, Environment, and Community Policy in a bid to promote the best work environment in order to prevent accidents, diseases, and any other risks that threaten the physical integrity of our employees and our contractor firm workers.

We adopt nationally and internationally recognized standards and practices. We also incorporate industrial hygiene and preventive medicine practices in order to prevent and control occupational diseases, identifying occupational conditions of risk in a timely fashion and implementing appropriate controls to mitigate them. This goal is aligned with our Occupational Health Management System (SG-SST, its initials in Spanish) and with our initiatives in health topics.

As part of our management, we have a Joint Committee on Occupational Health and Safety (COPASST, its initials in Spanish) that comprises 32 workers democratically chosen from the Mine, Puerto Bolívar, and Bogotá. These members work together to promote and oversee the safety and health standards and regulations at Cerrejón. This committee covers 100% of Cerrejón workers.

As a result of the committee's plan of action in 2018, 85% of the actions considered were met: inspections of different work areas, participation in internal and external training sessions, evaluation and suggested changes to personal protective equipment, equipment purchasing, promotion of actions for improvement, review of SG-SST, standardization in logistics topics and access roads to mining area, and exchange of experiences with other COPASST.

(403-2)²

As regards safety, in January of 2018, Carlos Roberto Urbina, one of our workers, unfortunately died due to a landslide in one of the pits where he was operating a caterpillar tractor. A rigorous investigation was carried out, analysing and reinforcing our Fatal Risk Management System, specifically as concerns slope stability, achieving significant improvements.

IN MEMORIAM
CARLOS ROBERTO URBINA
 1977 - 2018

Remembered by all his family, friends, and co-workers, Carlos Roberto was characterized by his charisma and willingness to always give his best. He began his career as an apprentice truck operator in the Comuneros Pit, then worked as a truck operator in the Oreganal Pit. Due to his skills and excellent performance, he was transferred into caterpillar tractor operations.

“Carlos was a very kind person, always with a positive attitude. He was respectful and warm with people. That’s why he stood out so much, wherever he went, his co-workers liked him. He was always the one who boosted the rest during the night shifts,” says Julián Yance, Carlos’ supervisor since the start of his career.

We sympathize with his family and are conscious of the hollow he leaves at Cerrejón.

Our operation's results in health and safety management are monitored using different indicators presented below.

Recordable Injury Frequency Rate

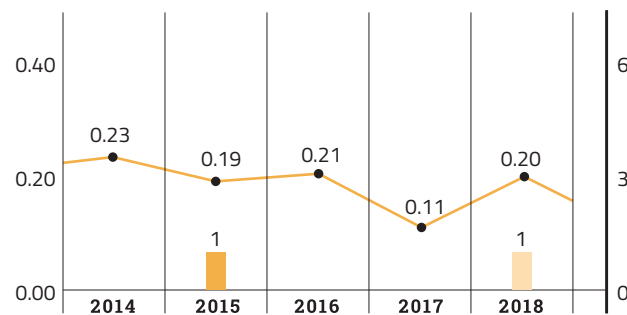
We track our recordable injury frequency rate, excluding first aid injuries. The number tracks both direct employees and contractor workers; the 2018 rate is 0.15 for the former and 0.25 for the latter.

RECORDABLE INJURY FREQUENCY RATE

BASED ON 200K HOURS

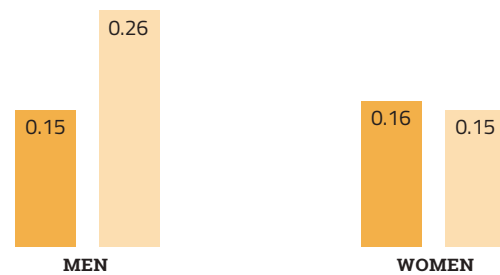
CONTRACTOR'S FATALITIES EMPLOYEE'S FATALITIES

RIFR



Recordable Injury Rate by Gender

EMPLOYEES CONTRACTORS

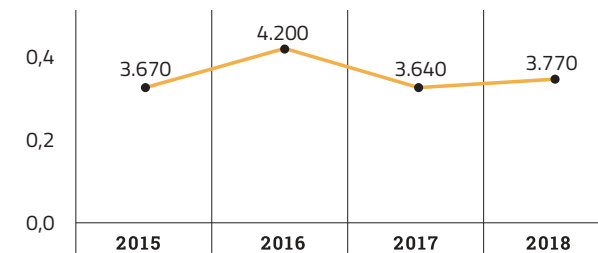


Absenteeism and Lost Days (403-2)

Absenteeism Rate

Year after year, we continue to work on actions to reverse the absenteeism trend in our operations. In 2018, our work absenteeism rate was 3.7³, with women logging 3.22 and men 8.82.

ABSENTEEISM RATE

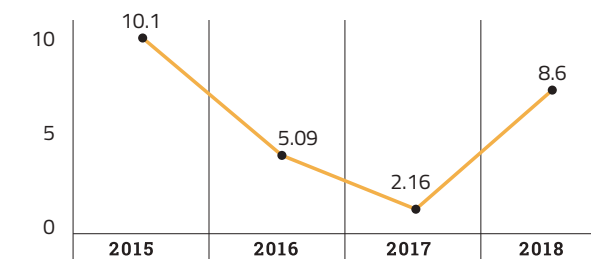


Lost Days Index

In 2018, the rate of lost days for direct employees was 10.02 and for contractors it was 7.28. This data is expressed in calendar days, excluding the day of the accident.

RATE OF LOST DAYS FOR DIRECT EMPLOYEES AND CONTRACTORS

CALENDAR DAYS



Lost Days Rate by Gender

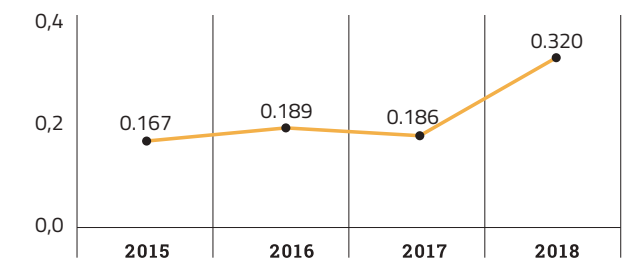
EMPLOYEES CONTRACTORS



Occupational Diseases

In 2018, there were 23 cases of occupational diseases (22 men, 1 woman) for every 200,000 man-hours worked, resulting in a rate of 0.320⁴ which is 20 points below our maximum threshold (0.350).

RATE OF OCCUPATIONAL DISEASES



Occupational Disease Rate by Gender

EMPLOYEES	WOMEN	MEN
Occupational Disease Rate	0.155	0.337

² Information concerning the GRI 403-2 indicator: Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism, and number of deaths per work accident or occupational disease. It is not segregated by region since the indicator is calculated for all workers in the operation and therefore Cerrejón does not have that data.

³ The absenteeism rate includes direct employees. The company does not have the data for our contractor firms.

⁴ This number corresponds to direct employees since the company does not have contractor data for their occupational disease rate.

TYPE OF EXPOSURE	NUMBER OF WORKERS PERFORMING ACTIVITY	MAIN MEASURES FOR PREVENTION, MITIGATION, AND OVERSIGHT
EXPOSURE TO NOISE LEVELS ABOVE CORRECTED TLV*	4,834	Redesigned process, enclosure, and oversight of status of cabin seal of mine equipment, decreased exposure time, use of personal protective equipment, medical oversight, new technology and software.
EXPOSURE TO SILICA-BEARING PARTICULATE MATTER EXCEEDING CORRECTED TLV*	70	Road wetting, dust suppression systems, covered coal conveyor belts, temporary storage silos for train loading, ships with effective emission control systems, maintenance of cabin seals of mine equipment, and use of personal protective equipment.

*TLV — Threshold Limit Value: Maximum permissible concentration for worker exposure to different occupational risks.



Occupational Disease Prevention (403-3)

Our efforts in this area focus on the design and ongoing implementation of technical controls for occupational hazards that could derive from our operations and the development of strategies to reduce worker exposure. Actions taken in 2018 include: a sleepiness and fatigue workshop we designed in which around 2,000 employees from operational areas participated; we socialized the SEG (Similar Exposure Groups) guide, which contains the results of the occupational risk profiles; and we managed to improve the cabin seal in mining trucks to reduce noise exposure levels.

In addition, we performed 5,152 regular medical examinations (the highest number given in a year in Cerrejón's history), thus complying with the post-disability medical examinations stipulated in the 2018–2019 collective bargaining agreement. Further, we updated the Alcohol and Drugs Program in accordance with current Colombian legislation.

Cerrejón in Motion

In 2013, we began our Cerrejón in Motion program as we are aware of the importance of promoting healthy lifestyles in and outside the work facilities of our employees, their families, and our neighbouring communities to prevent and control general and occupational diseases. The pilot phase had 250 participants, which has now grown to 2,500 active members.

Currently, Cerrejón in Motion takes place in all the municipalities of La Guajira where our workers reside, as well as cities such as Valledupar, Barranquilla, Cartagena, Santa Marta, and Bogotá. This program has been supported by various entities such as the Sports Institute of the department of La Guajira (IDDG, its initials in Spanish), employee sports clubs, our trade unions, local health departments, and others, in an aim to maximize the initiative's results. In 2018, we also held educational activities such as the Second Seminar of Culture of Care in Riohacha, which had over 500 participants. Further, as part of our strategy to improve personal health and well-being, we also support skills improvement for doctors who are general practitioners in the region,

holding the VI Medical Congress of La Guajira. The event focused on the Practical Management of Trauma and had over 240 participants.

In terms of our employee health, we received a certification accrediting us as a Healthy Organization by the Colombian Heart Foundation after a review of our Management System for the Prevention of Cardiovascular Diseases and Other Non-Transmissible Chronic Diseases by the German auditor TUV Rheinland. This distinction recognizes our work in promoting the health of our employees, fostering self-protection, healthy lifestyles, a balanced work and personal life, and the involvement of families in activities to promote their well-being. In Colombia, only 14 companies have this certification, and Cerrejón is the first one in the mining sector to get it.

Work Reinsertion Program

Employees sometimes suffer from a healthcare situation that prevents them from returning to perform the work they were hired for. When that happens, the Work Reinsertion Program aims to ensure they can work again in safe, healthy conditions, providing: training in information technology, involvement of the worker's family and psychological-social support, ongoing medical oversight, and evaluation of the ergonomic conditions and generally of the employee's health and safety in the new position. The employee's family, the ARL (Work Risk Insurance), and other actors related to social security, are part of this process in order to ensure the relocation to a new position is successful and sustainable. In 2018, a consulting firm helped us re-engineer the work reinsertion process, for which the results and ideas will be executed in 2019. In addition, 23 employees satisfactorily completed their classwork as the third group training as administrative assistants, providing new skills to allow them to advance into other company areas.

GROUP I	23 workers	Certified as administrative assistants.
GROUP II	14 workers	Finished the class and productive work.
GROUP III	24 workers	Finished the class and involved in the productive work.

MILESTONES 2018

- Thanks to the continual work in health promotion of our workers, we are the first company in the mining sector to achieve certification as a Healthy Organization following the guidelines of the Colombian Heart Foundation. This certification is backed by the Colombian Association of Cardiology and Cardiovascular Surgery as validated by the German certification company TÜV Rheinland.
- 2,500 employees are members of and actively participating in our program Cerrejón in Motion, which aims to create healthy lifestyle habits in our workers.
- We held our first Talks on Environmental Health, with the participation of six national consultants. In addition, we formed a Committee of Environmental Health and support the study that the company and the Javeriana University are carrying out in our neighbouring communities.
- We participate in national and international events as speakers, including the 32nd World Congress on Health and Safety in the Workplace (ICOH 2018) in Dublin, with the publication of two works (abstracts) published in international citation journals.
- We increased our number of emergency response personnel from 225 to 280.
- We performed a comprehensive check of our fire-suppression systems in key installations.
- An external audit was performed on our main fatal risk controls: equipment collisions and rollovers; persons falling from heights; falling loads; electrical shocks; landslides; unplanned blasts in the handling of explosives chain; and impacts, derailling, and collisions in the train operation. The outcome determined that the risks are adequately controlled and well understood. However, it did identify opportunities to continue improving.

CHALLENGES 2019

- Achieve recertification as a Healthy Organization.
- Create an Environmental Health Observatory of La Guajira.
- Conclude the Study of Collective Imagination of Food in La Guajira in association with the University of La Guajira.
- Train 2,000 technicians and others in the 2019 sleepiness and fatigue program.
- Carry out the project to grow a health and safety culture in the workplace.

Engagement with Trade Unions

(102-41)(403-4)(407-1)

We have relations based on trust with our two trade unions (Sintracarbón and Sintracerejón) thanks to constructive dialogue and good labour practices that are reflected in our collective bargaining processes, occasions for dialogue, and joint mechanisms to track conventional commitments that we carry out with our workers. These affiliations cover our workers as detailed below.

TRADE UNION STATUS	WOMEN	MEN	TOTAL
Sintracarbón	2.4%	60.5%	62.9%
Sintracerejón	0.0%	1.5%	1.5%
Both	0.0%	1.8%	1.8%
Associated	1.1%	11.8%	12.9%
N/A	5.0%	15.8%	20.9%
Total	8.6%	91.4%	100.0%

As part of the collective bargaining agreement, we have established monthly joint committees to verify and oversee agreed-on commitments that address topics related to human rights, transportation, food, health, housing, education, and travel expenses for medical treatment of workers and their families. The agreements reached deal to a large extent with health and safety topics (27%), equivalent to 40 articles of the 151 comprising the current agreement in 2018.



In addition, we hold a monthly meeting with the trade union leaders to track operational safety issues. This also guarantees that there are no operations in Cerrejón and/or Cerrejón suppliers that put at risk workers' rights to exercise freedom of association and collective bargaining.

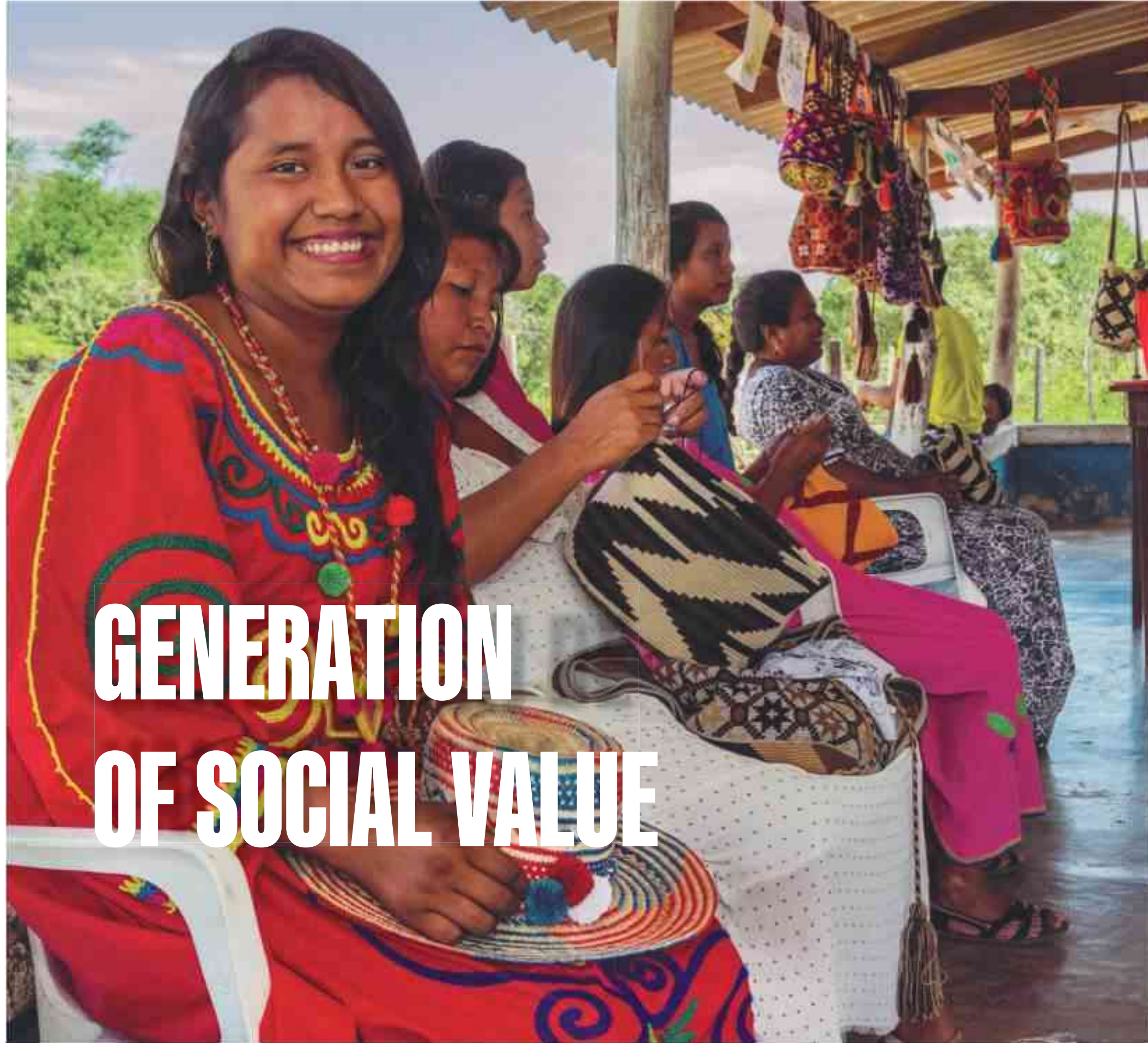
TRADE UNION	CURRENT MEMBERS	COLLECTIVE BARGAINING AGREEMENTS SIGNED
SINTRACARBÓN	4,763	17 collective bargaining agreements signed to date.
SINTRACERREJÓN	120	3 collective bargaining agreements signed to date.

MILESTONES 2018

- The 2017 collective bargaining agreement was signed in an environment of dialogue and benefit for both parties.
- Joint meeting of the Cerrejón and Sintracarbón negotiating teams to evaluate the negotiating process.

CHALLENGES 2019

- Negotiate the new collective bargaining agreement so as not to impact the company's stability, maintaining constructive dialogue with our trade union leaders.
- Strengthen onboarding topics on the right to freedom of association.
- Maintain the occasions for dialogue with the two trade unions.
- Carry out the election of worker representatives and form the new Co-existence Committee and the Joint Committee on Workplace Health and Safety.



GENERATION OF SOCIAL VALUE

CHAPTER

06



Goals: 8.3 - 8.6



Goals: 9.3 - 6.b



Goals: 6.b

LA GUAJIRA

La Guajira is one of the regions in Colombia with the greatest potential surrounded as it is by the Caribbean Sea and with broad biodiversity positioning it as one of the best places in the world for bird-watching. Added to this is its cultural, mineral, and energy wealth. This department in the northern part of the country covers 20,848 km², comprising a huge variety of thermal scales from snowy mountains to deserts and hosting a large part of the dry tropical forest on the Atlantic coast.

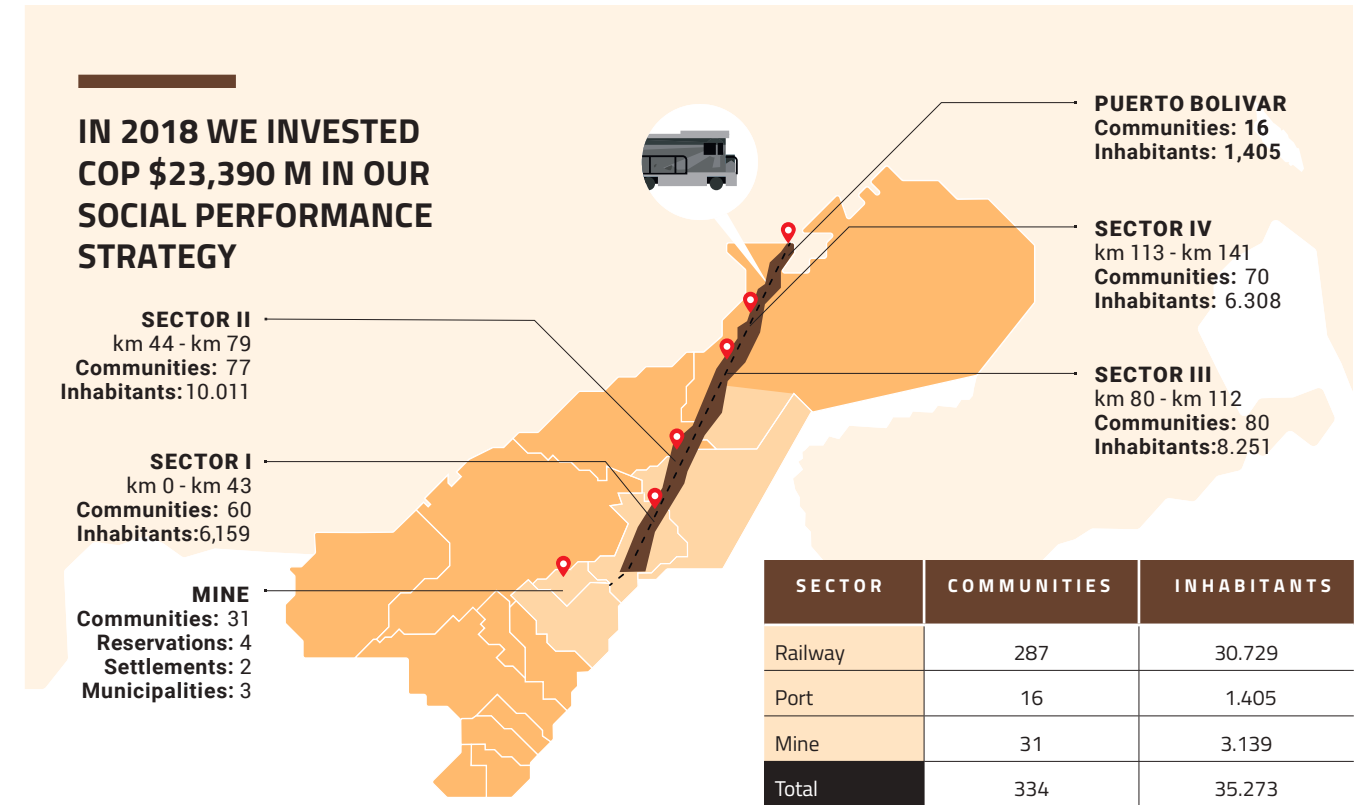
For years, its social and economic reality have contained huge gaps, which has hampered the use of its potential. According to the DANE forecast on values at 2017 prices (base of 2015), 44% of the economy depends on mines and quarries. Therefore, the challenge as a region is to galvanize other economic sectors such as tourism and close social gaps in healthcare, education, infrastructure, and basic services, leveraging the coordinated work of various partners to seek joint solutions that contribute to the sustainable development of La Guajira, generating benefits for the communities and people inhabiting the region.

Cerrejón is an important actor in this department. We have raised our commitment to generating social value, transforming these difficulties into part of our goals and seeking a stronger role in equitable well-being and regional development. We want society to see the benefit our mining activity represents in La Guajira, and we want to reach fundamental agreements allowing us to shift towards a disruptive development model in which the communities, State, and companies hold different roles and responsibilities in favour of the department.

Social Performance Strategy

The generation of social value for us is as relevant as economic and environmental value. Beyond being a requirement in order to operate, it is our company's reason for being. Our business vision has been transforming over the years thanks to work, dialogue, and ongoing engagement with the communities of La Guajira and other actors involved in our management. This has led us to think differently about how to have a greater impact in the region and greater well-being for its inhabitants.

We have focused our social investment on different fronts aimed at managing impacts from our operations in accordance with our Comprehensive Environmental Management Plan (CEMP). This is complemented by voluntary projects seeking to lessen socio-economic gaps in the region, promoting mid- and long-term development in La Guajira in order to consolidate a sustainable future. Hence, we considered our Social Performance Strategy, based on standards and responsible practices relying on fluid communications with our stakeholders and focusing on the afore-mentioned fronts.



In the reporting period, 100% of our investment in socio-economic development and social impact management focused on La Guajira, specifically on five municipalities forming part of our area of influence (Albania, Hatonuevo, Barrancas, Maicao, and Uribia, including their rural zones) and the 334 indigenous communities settled along the length of our railway line and Puerto Bolívar. To complement and support this management, we work hand in hand with local, regional, and national institutions, including regional entities, local ombudsmen, Public Ombudsman, the Unit of Risks, the regional government, the La Guajira Chamber of Commerce, the Regional Competitiveness Commission, and others.

Cerrejón Foundation

The Cerrejón Foundation has been one of our main partners in promoting local development by impacting community well-being and generating greater impact, aligned with our Social Performance Strategy. Together with the Foundation, we have implemented programs in the ambit of our Comprehensive Environmental Management Plan and voluntary initiatives that contribute to social innovation models in La Guajira.

The actions carried out by the Cerrejón Foundation focus on strengthening our social license to operate, contributing to building bases for a thriving future for La Guajira. These actions include: institutional, community, and business capability strengthening, the design and implementation of solutions for the access and conservation of water resources, the promotion of strategic projects generating new investment and jobs in the region, and the Cerrejón Corporate Volunteers.

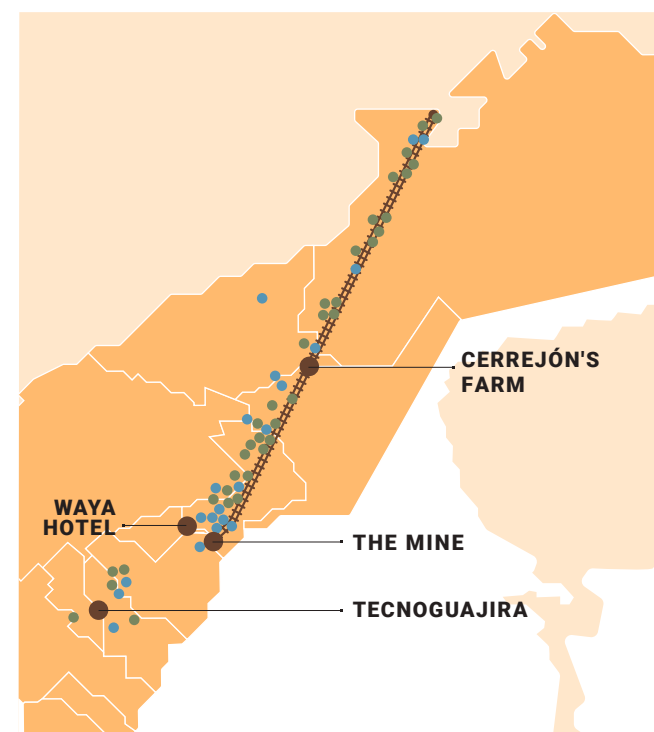
In 2018, the Cerrejón Foundation implemented eight programs with 231 groups from indigenous and non-indigenous communities, institutions, organizations, and key actors from civil society.

The Foundation's actions include programs for access to water, environmental education, training, community participation, institutional strengthening, and indigenous production chains, which are implemented by an interdisciplinary human team with more than ten years of experience on the ground.

SOCIAL PERFORMANCE STRATEGY					
STANDARDS AND RESPONSIBLE PRACTICES					
POSITIONING STRATEGY (ENGAGEMENT AND COMMUNICATIONS)					
SOCIO-ECONOMIC DEVELOPMENT			SOCIAL IMPACT MANAGEMENT		
STRENGTHENING CAPABILITIES	WATER	STRATEGIC PROJECTS	PREVENTION	MITIGATION	MITIGATION
OFFSETS		ALIGNMENT WITH CEMP + PERFORMANCE STANDARDS	PURCHASING/LOCAL EMPLOYMENT		

In 2018, the Cerrejón Foundation provided COP 10.75 billion, allocated as Capacity Strengthening (COP 5.853 billion), Water (COP 4.247 billion), and Economy Diversification (COP 650 million).

Group Allies 2018



Strengthening Capabilities

(203-2)

At the Cerrejón Foundation, we seek to contribute to the development and sustainability of La Guajira by strengthening and improving the skills of public administration, empowering social and community organizations, generating capabilities for employability, and fostering the Wayuu traditional system.

Strengthening Community Capabilities

In order to increase their capacity to submit proposals and have that impact community well-being, the Cerrejón Foundation has worked on strengthening skills for self-administration, project planning, and social oversight through capability training and empowerment of associations and communities.

ACHIEVEMENTS 2018

- Support for the preparation of eight projects and support for the certification of 49 community document handlers.
- 88 people certified by Tecnoguajira in social oversight and citizen oversight.
- Six citizen oversight committees formed in the indigenous reservations of Provincial, San Francisco, Trupiogacho, El Cerro, Barrancón, and Sector Japurarao.
- Training days in project planning and community organization for 31 members of Community Action Committees in Albania and Hatonuevo.

CHALLENGES 2019

- Strengthen planning processes and participation mechanisms in community organizations that are recipients of the program and the incorporation of these in the local institutional administration.
- Perform tracking measurements of the Index of Ethnic Organizational Capability tool (ICOE, its initials in Spanish) as a means to evaluate the progress of organizations regarding their governance, autonomy, impact, and political interlocution.

Strengthening Institutional Capabilities

Supported by our Cerrejón Foundation, we work on strengthening the capabilities and skills for regional public administration, involving leaders, civil servants, planning entities, social leaders, organizations, and civil society. This course of action develops two specific projects:

ACHIEVEMENTS 2018

- Technical assistance plan for the processes of strengthening, planning, oversight, and resource reporting, including 82 public officials in Uribia, Maicao, Hatonuevo, Barrancas, and Manaure.
- Certification in marketing, budget management, and political oversight for 27 councillors from Albania, Hatonuevo, Barrancas, Riohacha, and Manaure.
- Support for the preparation of nine projects in the municipalities of Uribia, Barrancas, and Hatonuevo. Resources managed in the amount of COP 18,202,457,509.
- Second Phase of La Guajira Prospective, improving and expanding the understanding and socio-economic analysis of the department.

CHALLENGES 2019

- Achieve quality certification for the Barrancas Planning Advisory Office by implementing the quality management systems according to guidelines of the ISO 9001-2015 standard.
- Support the outreach process with the new leaders elected in the second half of 2019.
- Training aimed at Community Action Committees.

Municipal modernization and administration.

This seeks to drive the planning, execution, oversight, and evaluation of development plans, installation of capabilities, and administrative strengthening in the municipalities of Uribia, Manaure, Maicao, Hatonuevo, and Barrancas.

Sustainability Roadmap.

This project was present throughout the region of La Guajira through four of its components: Land Prospective for La Guajira, Councillor Training, Subregional Integration, and Preparation of Land Use Planning.

Business Strengthening Program

We strengthen the region's business fabric through quality education and training allowing us to raise employment levels and local purchasing through two projects:

Supplier development:

Strengthening local suppliers of quality goods and services, safety, efficiency, and competitiveness with the aim of having them join the supply chain of Cerrejón's goods and services, its contractors, and the region's value chain.

Employability:

Basic work training to increase productive inclusion in municipalities neighbouring our operations.

Tecnoguajira

Tecnoguajira is a training institution for work and human development in the municipality of Barrancas. It offers five registered programs, including a Mining Equipment Maintenance Program and a Mining Equipment Operation Program. This institution was created with the aim of consolidating competitive, sustainable development in La Guajira. In 2018, Tecnoguajira maintained its four quality certifications in ISO 9001:2015, in NTC 5555 for the institution, and in NTC 5581 for each of the work training programs (Mining Equipment Operation and Maintenance).

200 NEW STUDENTS, 142 IN THE MINING EQUIPMENT MAINTENANCE PROGRAM, AND 58 IN THE MINING EQUIPMENT OPERATION PROGRAM.

IN RECOGNITION OF THE CERREJÓN FOUNDATION'S WORK, IN 2018 IT WAS AWARDED THE MEDAL FOR ARTISANAL MASTERY BY ARTESANÍA DE COLOMBIA FOR ITS 10-YEAR SUPPORT OF 96 ARTISANS' GROUPS AND OF 3,252 WAYUU AND WIWA INDIGENOUS ARTISANS IN THE DEPARTMENT OF LA GUAJIRA.

Wayuu Production Strengthening Program

We strengthen the traditional activity of the indigenous economy without changing their cultural, environmental, or social practices. The work comprises the restoration, reconstruction, and construction of horticulture, livestock, and gathering for the production of basic foodstuffs in the subsistence of indigenous families. The components include agriculture, gathering (beekeeping), artisanal crafts, and livestock.

Business Strengthening Program

Cerrejón Farm: This experimental centre provides a site for the exchange of knowledge and experience with communities concerning the production and conservation of native seeds, sanitation measures in sheep and goats, gathering and production of honey, and others.

Supplier development:

Training program in goods and services for local businesses to improve the value chain in the regional economy.

Employability Roadmap:

A series of actions to increase productive inclusion and access to work opportunities in neighbouring municipalities through vocational orientation and basic work training.

ACHIEVEMENTS 2018

- 530 artisans from Uribia, Maicao, Manaure, Albania, Barrancas, Hatonuevo, Fonseca, and San Juan del César actively participated in the artisan strengthening programs.
- Certification in Good Livestock Practices for the Cerrejón Farm from the Colombian Agricultural Institute (ICA, its acronym in Spanish).
- Inclusion of a new group of 20 local businesses to the supplier development process.
- Inclusion of 818 people in the public employment platform in partnership with the SENA and 1,411 people certified in work skills.

CHALLENGES 2019

- Create participatory models of self-sustainability in the different lines of production strengthening to expand their social impact in the region.
- Together with regional actors, promote processes to identify and prioritize economic sectors with the potential to generate alternative livelihoods and advance in defining collaborative action paths.

Water

At Cerrejón, we have shouldered the commitment to promote the search for solutions to the access and conservation of water resources. We know that water is an underlying need in La Guajira and a strategic pillar for our own company. Therefore, through the Cerrejón Foundation, we undertake projects that generate solutions in access to water resources and the conservation of environmental services.

Access to Water and Stewardship of Water Bodies

This vital resource for population development has become one of Cerrejón's pillars for our socio-economic intervention. We work with the support of diverse communities and partners to seek solutions to access, promotion, conservation, and the responsible use of water in La Guajira.

We undertake comprehensive water management with programs and initiatives led by the Cerrejón Foundation to seek water supply solutions and access in communities in the area of influence, as well as initiatives in integrated basin management in the region.

Water Supply and Treatment Solutions

Together with our Foundation, we work on voluntary initiatives to contribute to access to water by implementing appropriate technologies for the capture, storage, distribution, and treatment of this resource.

The solutions being carried out include: deep wells with solar pump extraction systems, the preventive and reactive maintenance of windmill-driven water pumps, and the optimization of existing supply systems to improve water availability and continuity.

All these solutions take place in agreement with the indigenous communities, respecting their ethnic and cultural diversity.

ACHIEVEMENTS 2018

- Distribution of 27.2 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 on with communities.
- We provided six water solutions in the communities of Cadenachon, Wara Warao, Zona Vereda, Mowasirra, Trupio Gacho, and Campo Alegre.
- We delivered 594 water storage tanks with a capacity of 1,000 to 66 communities.
- We repaired 12 windmill-driven water pumps supplying 11 communities in our area of influence.

CHALLENGES 2019

- Establish a sustainability model based on the social component to implement the different supply solutions that are being carried out.
- Optimize the existing water systems in the reservations in the mine's area of influence in order to improve their capacity and sustainability.

Integrated Basin Management Program

We work with the Cerrejón Foundation to develop a model for integrated basin management for the conservation and recovery of La Guajira's water supply. It is based on four components: water governance, ecosystem connectivity, integrated water management, and sustainable production systems.

Since 2010, we have undertaken this program in the watersheds of the Paladines, Majagüita, and San Francisco creeks in southern La Guajira. This model comprises actions aimed at community participation in the conservation of natural resources and sustainable agricultural-livestock production. Thanks to its implementation in the municipalities of Maicao, Albania, Hatonuevo, and Barrancas, it generates environmental, social, and economic benefits in seven indigenous communities in the watersheds of the Bruno and Pupurema creeks.

PALADINES, A LOOK AT MICROBASIN CONSERVATION AND PROTECTION

This publication (available at www.fundacioncerrejon.org) shares our experience, reflections, and good practices in this project headed by the Cerrejón Foundation. The book covers the research and field work with communities in promoting the conservation and protection of 2,400 hectares of riparian buffer zones.

ACHIEVEMENTS 2018

- Reforestation of 18,528 native seedlings planted in 46.3 hectares of tropical dry forest on the Santa Helena property in the municipality of Hatonuevo, La Guajira.
- Active reclamation of 23 hectares and passive reclamation of 43 hectares by planting 9,293 seedlings.
- Communities gained COP 159 million in income generation from sales of native seedling species and labour for planting.
- 35 community training days held in the following areas: integrated management of solid waste, separation of solid waste at the source and use of recyclable material, and general identification of water consumption in communities.

CHALLENGES 2019

- Endorsement and updating of integrated basin management model.
- Building of new community plant nurseries to expand the plant offering for reforestation projects in La Guajira.

My Bike Project

In 2018, the Cerrejón Foundation partnered with the Postobón Hacienda Equipo Foundation to coordinate a project with schools in the communities of Santa Ana (Ethno-Educational Centre), Masamana, and Wara Warao (satellite schools) in the rural zone of Maicao.

In La Guajira, the distances between communities, schools, and water sources is one of the biggest hurdles, causing a high impact on drop-out rates, low academic performance, and a lower quality of life in families.

This program aims to improve mobility, shortening travel times between school and home for participants, providing a means of transport that also allows greater ease in daily activities such as hauling water for their communities.

In 2018, 200 bicycles were delivered at the Isabel Jusayu School in the community of Yotojoloín, reducing absentee rates by 55% in students at this institution.

Economy Diversification

(203-2)

Hotel Waya

Due to our focus on promoting and driving tourism in La Guajira, we inaugurated the Hotel Waya Guajira in 2013. It is the result of an agreement amongst the companies Abacus, Contempo, Inversor, and EGSA. It is the first four-star hotel in the region and is LEED certified (Leadership in Energy and Environmental Design), which is an accreditation for environmentally sustainable buildings. In 2018, the hotel hosted more than 26,000 visitors, thereby increasing the inflow of tourists to the region. In addition, it created formal employment for 72 people (78% of them Guajirans) and is associated with 403 regional suppliers, thus contributing to strengthening other economic sectors in La Guajira.

Guajira 360

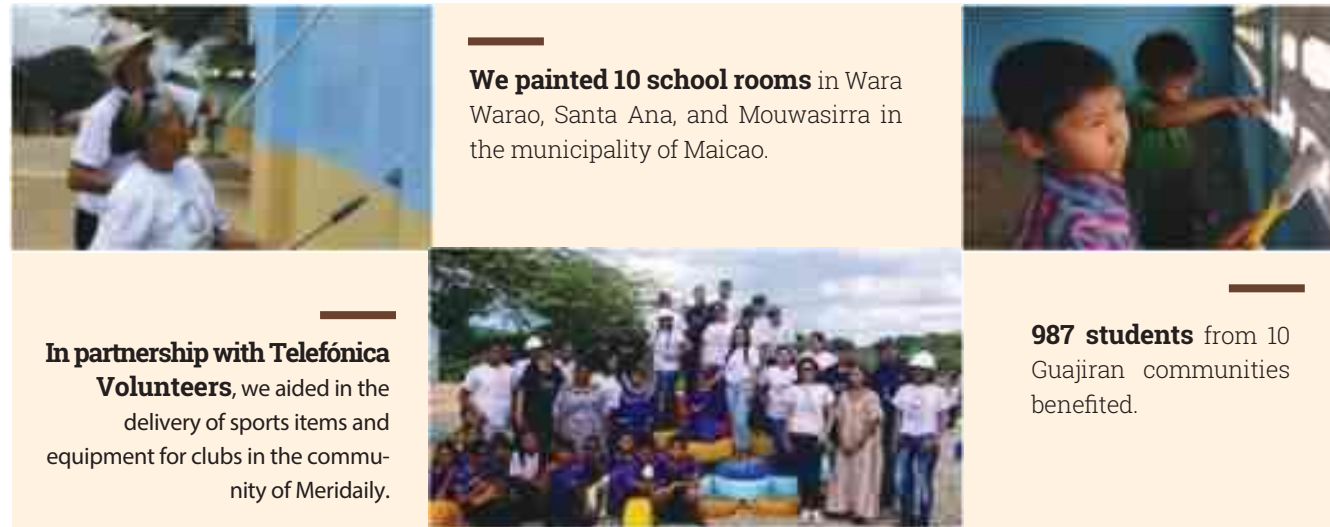
The Centre for Regional Studies Guajira 360° is the first think tank in La Guajira; its goal is to generate reliable, pertinent technical information to impact the region's

economic and social development. This initiative was launched in 2016 with the support of Cerrejón, Promigas, Fundesarrollo, and the La Guajira Chamber of Commerce. Guajira 360° has now published several studies, the most recent of which is "Relevance analysis of royalty spending in the department of La Guajira and producer municipalities".

For more information on these studies, please see <http://guajira360.org/>

Cerrejón Volunteers

Cerrejón Volunteers is an initiative that kicked off in 2015 with the goal of contributing to the development and well-being of La Guajira, promoting volunteer work by our employees, contractors, family members, and the Cerrejón Foundation. Over 200 people have come together to team with La Guajira, including engineers, administrators, teachers, psychologists, communicators, and economists.



We painted 10 school rooms in Wara Warao, Santa Ana, and Mouwasirra in the municipality of Maicao.

In partnership with Telefónica Volunteers, we aided in the delivery of sports items and equipment for clubs in the community of Meridaily.

987 students from 10 Guajiran communities benefited.

Currently, the Cerrejón Volunteers is directed by our Foundation. In an effort to coordinate its lines of action with the volunteers' initiatives, in 2018 the Foundation chose three communities in La Guajira in which to carry out water supply solutions in order to perform work complementing the cleaning and upgrading of classrooms, thereby having Guajiran children and youths benefit from these collaborative activities.

A retribution to La Guajira

Tania Rosas, a professional from La Guajira, had a dream to take on projects contributing to the region's development. She was a Cerrejón scholarship student like her two younger sisters, and she graduated from the University of Sergio Arboleda in Politics and International Relations. Tania talks about her education without reservations even though, at first, she did not dare to tell her father what she wanted to study and did not even know that, as an employee, the company would grant him an educational aid for his children.

Tania also recalls being very worried as the career she so wanted to study was not offered in La Guajira nor nearby. Therefore, since she would have to leave the region, the costs might be too high. When her father learned about her choice and his daughter's fear of the costs of registration fees, he said, "Don't put limits on yourself". Tania always carried this lesson in her heart and in all her life projects.

Tania's father Oscar is a mechanic and coordinator in Maintenance. The opportunity for him or his children to

access a university education aid from the company is a benefit offered in the collective bargaining agreement. "Cerrejón has allowed us to have much better opportunities than we would otherwise have been able to access given my parents' salaries. Not that they're bad, but it wouldn't have been enough for such high-quality studies," notes Tania.

Her upbringing in La Guajira has led her to be passionate about its local culture. Upon graduating from university, she created a social organization that now works in partnership with the Ministry of Culture and the Ministry of the Interior to provide a differentiated educational system to the indigenous communities of La Guajira, aimed particularly at generating opportunities for girls and adolescents.

"We prioritize boys, girls, and adolescents who have dropped out of school. Just in the first year, 2015, we had 100 kids return to school thanks to an innovative program that rescues the oral tradition of ethnic communities, plastic and audiovisual arts, music, and literature, without neglecting the basic skills of reading and writing and mathematics," says Tania proudly.

When she was still a student, this young Guajiran earned an internship in the Consulate of Colombia in Miami. Paradoxically, being so far from her home and her culture made her feel even closer to it. She returned to Colombia determined to work for local communities. After two years of arduous dedication and work in La Guajira, her efforts garnered her the title of Young Leader of the Americas, granted by the United States Institute of

Peace, where she studied business venture and NGO management. She then travelled to India to continue her training with the Dalai Lama, learning about leadership and its responsibilities.

Currently, she is preparing an exchange of experiences with the Obama Foundation with the goal of strengthening the technical, financial, and legal capabilities of the social organization she runs. Thanks to the seed planted by Cerrejón allowing her to access a high-quality education, Tania has been able to pay it forward to other youngsters by contributing to making primary and secondary education a more inclusive system. "Currently, we have incorporated nearly 1,000 children in our programs, and we want to continue reaching more communities throughout the department of La Guajira," affirms this young woman. She loves her land and, despite her international experiences, has no doubts in continuing to work tirelessly for her region. Strengthening the capabilities of these young students who, like her, have studied and followed their dreams, is the pathway for them to become the protagonists of their own story. They are taught to manage their skills themselves, be empowered about their future, and build a prosperous life project that can also contribute to growth and development in their regions.

Tania dreams of La Guajira as "Diverse, fair, and orange. With as many opportunities as it has resources. A wise Guajira dedicated to comprehensive education, to business venture, the arts, and culture in order to put an end to child begging and juvenile delinquency since they will create the future. It is up to us to ensure the department that we dream of."

Education

We work on regional educational reinforcement through scholarships, aids, and programs to promote access to primary, middle, and secondary school education for children and youths in addition to vocational and/or professional training, thereby facilitating job placement at our company and in other companies regionally and nationally. Some of our programs are:

School aid: Granted to children of employees at the pre-school, primary, and secondary school levels (up to a maximum of 5 children). This benefit is offered to our workers who fall under the collective bargaining agreement.

Cerrejón Scholarships for Excellence and Post-Graduate Studies: We support our workers' children with a scholarship to pursue university, military, vocational, technological, and post-graduate studies. These scholarships are offered for each academic period, as applicable (terms, quarters, semesters, or years), and are provided to the children of our employees subject to the collective

bargaining agreements. As of the end of 2018, we have provided scholarships to 267 students for higher education, of whom 78 have graduated to date.

Cerrejón Educational Excellence Fund: This fund is aimed at contributing and responding to difficulties in accessing and remaining in higher education for young Guajirans with excellent academic credentials but scant financial resources. In 2018, this Fund had been awarded to 171 youths in the region (complete scholarships: 80; educational aids: 91).

Reinforcement for secondary school students and teachers: Training sessions to strengthen skills and improve primary and middle school educational quality.

Sector Programs

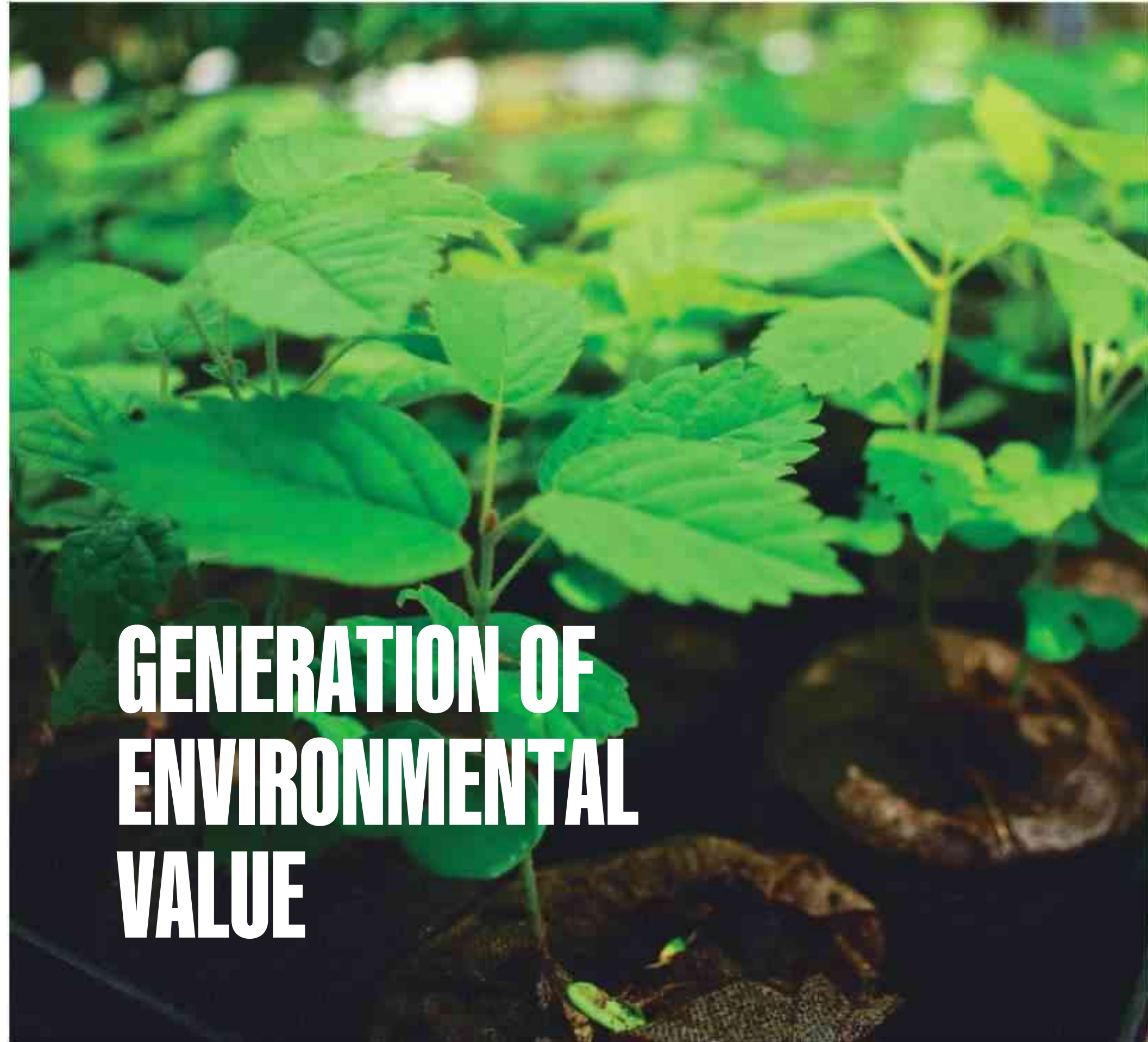
We seek to strengthen engagement with our neighbouring communities through programs and initiatives that aim to foster culture and sports in children and youths in the region, creating healthy lifestyle habits and developing the skills needed to establish healthy, constructive relationships.

Culture

In 2018, the Music Program involved 340 children from all municipalities of La Guajira in the Cerrejón Symphonic Orchestra and the Beginner's Music program. In addition, after participating in a contest organized by the Ministry of Culture, the Orchestra won the prize to perform and publicize a production combining music and theatre. They held nine concerts of this production, with a total of over 5,000 participants.

Sports

Football tournaments and five-a-side football tournaments were held in northern, central, and southern La Guajira, with the participation of 94 communities and 870 sports players. Temporary support was provided to the satellite classrooms and schools in our operations' area of influence in order to improve sports discipline. The sports infrastructure was upgraded in the Media Luna sector.



GENERATION OF ENVIRONMENTAL VALUE

CHAPTER

07



GOAL: 6.3, 6.4, 6.6



GOAL: 7.2, 7.3



GOAL: 13.1



GOAL: 15.1, 15.3, 15.5

GENERATION OF ENVIRONMENTAL VALUE

Throughout the three decades of our operations in La Guajira, we have adopted the best national and international practices and standards in the coal-mining industry. Thanks to these efforts, we have been able to create an efficient, reliable, cost-effective operation aligned with our commitment to generate environmental value for La Guajira and Colombia as a whole. This ensures the sustainability of the environmental services required for the region's development in current and future conditions.

In 2018, we invested COP 235.183 billion in accordance with our vision of generating value for the region, our neighbouring communities, and our other stakeholders. These funds were allocated to projects for the efficient use of water in our operations, and systems for dust

suppression, monitoring, and tracking in order to maintain air-quality levels within the threshold limit values and thereby protect the health of our employees, contractors, and neighbouring communities. Part of these funds was also allocated to the implementation of conservation programs for native flora and fauna and to the handling and appropriate disposal of waste.¹

In 2019, we will work on constructing a new environmental strategy that will establish how we will continue undertaking actions to generate environmental value in the region.

The Efficient Use of Water in our Operations

As part of our commitment to conserve water in the semi-arid zone that is La Guajira, we implemented a Comprehensive Water Management Strategy based on three lines of action: efficient water use, focus on catchments, and participation in sustainable solutions. The first line of action aims to strengthen our internal management by implementing optimization initiatives. The second line of action promotes integrated catchment management through conservation and recovery in order to improve the region's water supply. The third line of action develops projects to improve access to water for communities and stakeholders by working together on sustainable supply solutions to improve their quality of life.

Our comprehensive water management allows us to strategically address water use from an environmentally sustainable and socially equitable standpoint in a region characterized by water stress due to a dry climate and scant rainfall.

LA GUAJIRA			
PRECIPITATION	CLIMATE CLASSIFICATION	WATER SUPPLY	WATER RETENTION INDEX AND REGULATION
Lowest rainfall in Colombia. 0-500 mm	Hot desert and hot arid conditions predominate in most of the department. In the south and towards the Venezuelan border, the climate can be semi-arid.	Highly deficient in water. One of the most water-deficient zones in the Caribbean, with a highly deficient aridity index of 0.6	It has the lowest water retention and regulation conditions in Colombia.

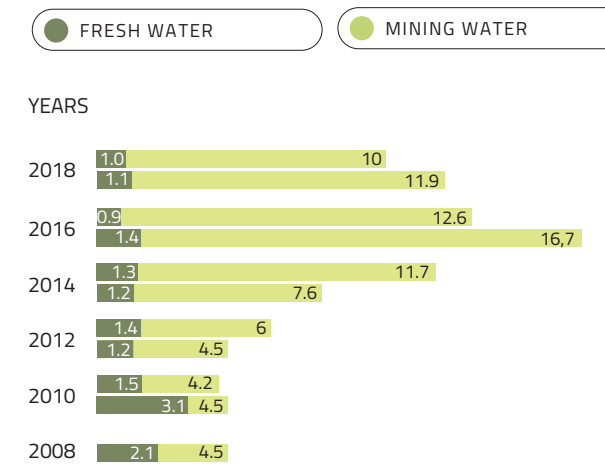
Sources: IDEAM atlas and departmental sheet.

¹ In 2018, we worked to design our waste management system to contribute to our operations' environmental sustainability.

Water Usage

At Cerrejón, we have implemented initiatives to reduce the use of so-called fresh water in our operations.

WATER CONSUMPTION AT CERREJÓN 2018'
FIGURES IN MILLIONS OF M3



In 2018, mining waters were used for 91% of the total in our operations. In addition, we distributed 27.2 million litres of drinking water to 147 communities in the region. The water is transported in a rail tanker hauled by our mine train and then transferred to truck tankers, which carry the water to the delivery points agreed on with the communities.

Water Extraction by Sources

(303-1) (303-2) (306-5)

The surface water used in our economic activity is withdrawn from the mid-valley of the Ranchería River and its aquifer, in compliance with the permits granted by the Regional Autonomous Corporation of La Guajira (Corpoguajira).² This water is mainly for consumption by our workers, the people at the Mushaisa Residential Unit, and our neighbouring communities. It is first conventionally treated to ensure compliance with standards for drinking water.³

² Regional environmental authority with jurisdiction in the department of La Guajira.

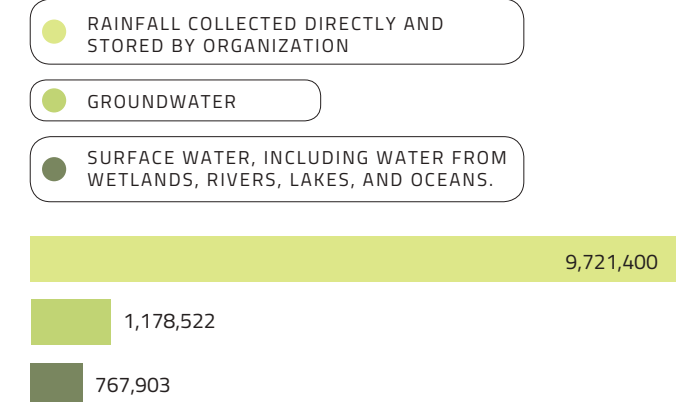
³ Oversight of usage of this type of water is managed with the use of flow gauges in the water intakes at the bodies of water and the aquifer wells.

⁴ The low-quality water usage is measured with flow gauges installed at the operation's loading towers.

In turn, the mining water used in our processes derives from runoff water collected in the mine during rainfall and the water from coal seam dewatering. It is mainly used in dust suppression on mining equipment roads, in wetting mining fronts as a measure approved in our Comprehensive Management Plan, and in other industrial activities.⁴

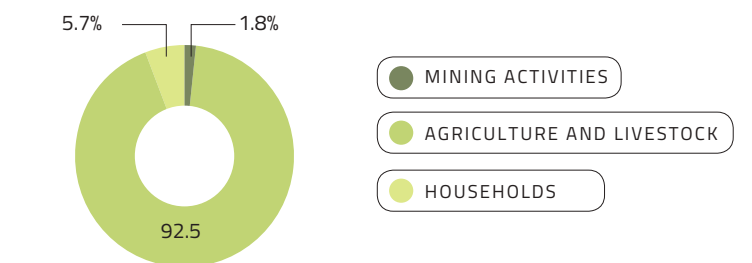
In 2018, our total water consumption was 11,667,825 cubic metres, distributed by withdrawal sources as noted below.

Water withdrawals by source (Mm³)



Regional Ranchería River

Water Withdrawals

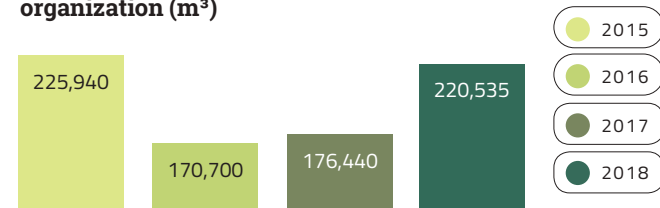


Source: Corpoguajira Resolution 1725 of 2012.

Water Recycled and Reused
(303-3)

We oversee each detail of the production process in order to protect the water. In fact, our Water Savings and Efficient Use Program (PAUEDA, its acronym in Spanish) entails actions to promote rational water use, especially in periods of low rainfall.

Total volume of water recycled and reused by organization (m³)



Further, we reuse 20% of the total surface water withdrawn from the Ranchería River catchment, which is a 4% increase over the 2017 volume reused by the company.

The Ranchería River and its aquifer are the main bodies of water impacted by Cerrejón as regards withdrawals of high-quality water and the discharge of our wastewater. This body of water has an extension of 4,070 km², and is not included in any national or international protected areas.

The data for this indicator were obtained with an Arkon Parshall flume.

Water Discharge

Our Comprehensive Water Management includes guaranteeing the quality of our water discharges (authorized by Corpogujira) into the region's natural water bodies. The discharges are of two types: mining (98%) and domestic (2%). They are treated in accordance with Colombian environmental regulations, using oil-water separators, settling, stabilization ponds, and biological treatment.

We adhere to Article 10 of Resolution 631 of 2015 in Colombian regulations, which states the threshold limit values for discharge water from mining activities into surface bodies of water.

This standard sets more restrictive limits and parameters than covered in Decree 1594 of 1984. Therefore, we have undertaken activities and efforts to comply, such as restoring dump sites, building and increasing the capacity of perimeter drains and settling ponds, and separating clean water from mining water.

In 2018, the volume of discharges was 234,014 m³, representing a decrease of 64% compared to the previous year (650,571 m³).

The table below gives the water-quality indicators for the Ranchería River and Tabaco Creek, which received discharges in 2018. The indicator shows the water quality of these bodies of water and verifies their quality after the discharges.

In addition, as part of our discharge management, we implemented a plan of action to manage water in extreme rainfall events in response to climate conditions the operations might face.

This plan is based on measures such as pumping mining water between ponds, the separation of water flows, and the renovation and construction of structures in dump sites. These measures were adopted to reduce discharge volume and to improve water storage during the rainy season for its subsequent use in dust-suppression measures during the dry season.

MILESTONES 2018

- In our Water Savings and Efficient Use Program (PAUEDA), we continue to seek and implement actions to replace freshwater usage by mining water and to promote the savings, recycling, and reuse of this resource.
- We began construction of a new type of structure (pioneering in Colombia) to manage water in dumps (downspout, perimeter drains, and ponds) in accordance with detailed designs carried out in 2017.

BODY OF WATER	WATER QUALITY OF RECEIVING BODY	ANNUAL AMOUNT DISCHARGED (M³)	TREATMENT METHOD OF WASTEWATER
RANCHERÍA RIVER	75-71 Good in accordance with the Water Quality Index (WQI)	214,419	Water-oil separators, settling pond
TABACO CREEK	84-74 Good in accordance with the Water Quality Index (WQI)	19,596	Settling pond

CHALLENGES 2019

- Continue implementing initiatives for the optimization of freshwater use in our operations and replace it with mining water in processes and activities where feasible.
- Contribute to raising the level of awareness (particularly locally) on La Guajira's situation as concerns access to water.
- Strengthen awareness internally and externally through environmental education campaigns that include comprehensive water management.
- Implement real-time monitoring on water quality and volumes of flow in the Ranchería River, creeks in the mine's area of influence, groundwater, and settling systems with the aim of obtaining accurate, precise data on the status of this resource for decision-making purposes.
- Consider a project with a predictive-reactive system approach to optimize operational planning for comprehensive water management.
- Minimize discharges from all mining and industrial activities, ensuring compliance with the limits defined in the new Colombian discharge regulations.

Air Quality Management

At Cerrejón, we are aware that our open-pit mining operation can potentially emit particulate matter into the air, commonly known as dust. This material can impact air quality in the zone and, depending on population exposure levels and particulate size, could impact the health of our neighbouring communities and of our workers.

Therefore, and as part of our commitment with communities and the environment, we have an Air Quality Management System (pioneering in Latin America) that allows us to log, evaluate, control, and mitigate effects on the air that our operations could cause. This is possible through initiatives, plans, specific measures, and state-of-the-art technology that allows us to analyse the data for strategic decision-making.

Our management system integrates best practices to control particulate matter, monitoring, and the modelling of phenomena associated with air quality based on data gathered and ongoing data analysis. This system ensures our compliance with Colombian environmental regulations while also establishing strategies that promote operational excellence and contribute to safeguarding the health of our workers and of nearby communities.

The data collected for air-quality management in our operations is duly reported to the respective environmental authorities and is available to the public through their websites (SISAI-RE – IDEAM) as well as on our own web page. This data is also shared with our neighbouring communities in order to keep them informed and ensure transparency in our decision-making regarding water and its management.

Significant Air Emissions

(305-7)

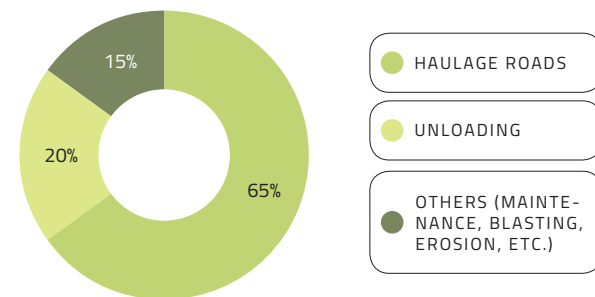
Given the nature of our operations, our air-quality management focuses on dust suppression (particulate matter), vibration monitoring, and overpressure in our mining and industrial activities. We direct our efforts to complying with Colombian environmental regulations and meeting our commitments as regards air quality.

The discharge regulation (Resolution 631 of 2015) came into effect for Cerrejón on January 1 of 2018 in accordance with the regulation's transition requirements.

The Water Quality Index (WQI) established by the US National Sanitation Foundation (NSF) evaluates nine sanitation parameters in water quality: dissolved oxygen, pH, temperature, faecal coliforms, biochemical oxygen demand (BOD), nitrates, turbidity, total solids, and phosphates.

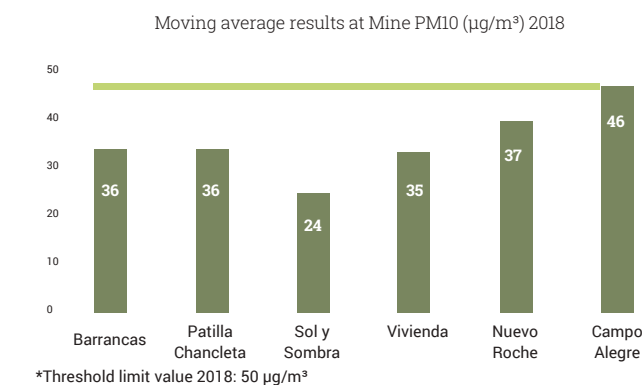
*Site where materials or waste that cannot be used (waste rock) deriving from mining extraction are placed", taken from the Mining Technical Glossary, Ministry of Mines and Energy 2015.

Cerrejón's main sources of dust emissions



FOR MORE INFORMATION, SEE "MANAGEMENT AND CONTROL MEASURES TO PREVENT AND MITIGATE DUST EMISSIONS"

The PM10 particulate matter data given below correspond to average annual concentrations from the stations at Barrancas, Patilla, Vivienda, Sol y Sombra, Nuevo Roche, and Campo Alegre of Cerrejón's air-quality monitoring network, which follows the guidelines of Resolution 650 of 2010 modified by Resolution 2254 of 2017.



The increase noted in the reported stations is due mainly to adverse climate conditions in 2018, when there were only 56 days with rainfall, which was 26 days fewer than in 2017.

Emissions of nitrogen oxides (NOX), sulfur oxides (SOX), persistent organic pollutants (POPs), volatile organic compounds (VOCs), and hazardous air pollutants (HAPs) are not considered significant at our operations since, according to sampling, our regulatory compliance is broad enough, with 80% of indicators below threshold limit values.

Changes in Air-Quality Regulations

In previous reports, we published our annual monitoring of total suspended particulate matter (TSP) as part of our air-quality management. However, in the reporting period for the current report, changes took place in the Colombian environmental regulations, which impacted the indicators we present in this document.

Resolution 2254 of 2017, issued by the Ministry of the Environment and Sustainable Development, implemented changes applicable to our company, such as: the elimination of TSP monitoring, alterations to the threshold limit values of respirable dust known as PM10, as well as the inclusion of a new air-quality measurement parameter for PM2.5.

The elimination of the PST measurement came about due to scientific evidence that this parameter is not indicative of health effects. For PM10 and the new PM2.5, the new regulation states that the same concentrations are valid until June of 2018 so that companies and oversight entities have a transition period to acquire new sampling equipment and adjust control systems.

When the new regulation came into effect, we improved our control measures and emissions mitigation. We also consolidated our air-quality predictive-reactive system with the installation of ten new PM2.5 stations (including Puerto Bolívar and the railway corridor) and integrated this system with the company's operations centre. Thus, we have improved our real-time capability and operation.

Control Actions

With the aim of predicting the emissions generated by our operations and the dust concentrations in nearby communities, we implemented a mathematical model of atmospheric dispersion. We run this model with planned volumes of overburden and coal and the region's topography and historical meteorological data. Control measures and adjustments to the mining plan (when necessary) are made according to the results of this model.

OUR CONTROLS OF PARTICULATE MATTER USE LOW-QUALITY WATER FROM COAL SEAMS AND RUNOFF IN THE MINING AREA. IT IS UNSUITED FOR HUMAN OR ANIMAL CONSUMPTION OR FOR CROP IRRIGATION.

Management and Control Measures to Prevent and Mitigate Dust Emissions

In line with our commitment with operational excellence and social and environmental responsibility in our activities, we have implemented control actions in dust generation throughout the company's mining and industrial activities. The main actions taken as to dust suppression are

- Wetting haulage roads with a 20-Kgal and 10-Kgal fleet of water tankers with the addition of a biodegradable dust suppressant to increase suppression efficiency.
- Low-flow sprinklers on all mining fronts to wet rock to be loaded and unloaded at dump sites.
- Industrial water-spray headers in coal stockpiles (high-volume sprinklers and fog canons) and in drilling activities.
- Coal levelling, wetting, and compacting on coal wagons prior to transportation by rail.
- Covered direct loading and conveyor belts. This system has been in use at Puerto Bolívar (Alta Guajira) since 1985, well before it was a legal requirement in Colombia.
- Atmospheric dispersion models used as a planning tool to predict dust concentrations in different mining scenarios.
- Air-quality monitoring network. In compliance with our Comprehensive Environmental Management Plan, we monitor air quality via a network to measure particulate matter (expressed as PM10 µm and PM2.5 µm) to ensure compliance with Colombian regulations.

- Voluntary real-time monitoring network with 10 sampling stations inside and outside our operations to provide continuous tracking of air quality. Results are analysed with a view to any need to adopt new controls. If levels are found to be at the limit of Colombian environmental regulations, mining activities are temporarily suspended in specific zones.
- Real-time sampling provides an early warning tool for the operation to carry out necessary control actions in a timely way.
- Biannual monitoring of gases in the operation.
- Spontaneous combustion control in coal seams by qualified personnel and appropriate machinery.
- Appropriate configuration of coal stockpiles, implementation and verification of dust suppression systems in coal handling areas, maintenance of equipment and vehicles.
- Decreased mining activity in some areas when adverse weather conditions reign to keep dust concentrations below threshold limits.

Milestones 2018

- Consolidation of the air-quality predictive-reactive system, together with the protocol for the early reaction to adverse conditions (unique in Latin America).
- Development of technology for emission controls from overburden at high temperatures.
- Incorporation of 10 PM2.5 measurements in the air-quality sampling stations, particularly in areas with a higher presence of PM10 particulate matter, in response to technical considerations of Colombian environmental regulations and to the company's own air-quality measurement model.
- Installation of a monitoring system for vibrations and blasting overpressure near communities neighbouring the operations.

Challenges 2019

- Definition of Cerrejón's strategy and position as regards climate change mitigation and adaptation. To do so, we have established an area in charge of carrying out actions on this front that lead to sustainability in this region.
- Maintain air quality at safe levels, in accordance with Colombian environmental regulations.
- Redesign the air-quality monitoring program to ensure that the sampling network covers the areas of communities in the operations' area of influence.

Thanks to the continual analysis of sampling data, we can make timely decisions and track results, which are then duly reported to the pertinent environmental institutions (the Ministry of the Environment and Sustainable Development, the Regional Autonomous Corporation of La Guajira – Corpoguajira, and the Information on Air Quality System – SISAIRE).

Environmental Oversight Committee

A noteworthy event in 2018 was the reactivation of the Environmental Oversight Committee. The committee's goal is to involve neighbouring communities in the company's environmental monitoring with a cross-cutting approach to the operations' environmental aspects, including monitoring of air quality and dust suppression.

The committee includes 24 community representatives from Los Remedios, Campo Alegre, 4 de Noviembre, San Francisco, Papayal, Patilla, Campo Herrera, Las Casitas, and Provincial. Participation also includes the Community Action Committees of Hatonuevo and Barrancas, a community leader from Albania, the mayors' offices of Albania and

Barrancas, the Regional Autonomous Corporation of La Guajira (Corpoguajira), and the University of La Guajira.

In committee meetings, members jointly define the priority topics the work sessions will address and monitoring actions focused on quality of water and air, vibrations, overpressure, environmental health, and biodiversity.

Tropical Dry Forest at La Guajira

La Guajira has different types of terrestrial ecosystems ranging from high plateaus in the Sierra Nevada de Santa Marta to deserts beside the Caribbean Sea. It also has a large expanse of tropical dry forest, typical of lowlands between 0 and 1,000 metres of elevation above sea level.

This forest is characterized by long months of drought and short periods of rainfall that do not average more than 1,000 millimetres a year. The forest thus has high adaptation to climate changes and is able to provide food and preserve vital nutrients for hundreds of species, making it a suitable environment for hosting a huge diversity of plants and animals.

Only 8% (approx. 720,000 hectares) of such forest remains in Colombia, and a large part of that is in the Caribbean region. Currently, it is one of the most threatened ecosystems due to activities such as livestock-raising practices and overexploitation, slash and burn to prepare it for farming, and animal poaching. These practices fragment and degrade its structure and increase the severity of forest fires, causing fires to propagate into nearby forests and dividing vital corridors for hundreds of species.

According to the Alexander von Humboldt Institute, La Guajira is one of the departments that most contributes as regards the area covered by this tropical dry forest and in the number of species inhabiting it. Such is the region where we operate and where we focus our efforts on the recovery of these ecosystems through various programs and initiatives such as land reclamation in areas where coal mining has ended.

In these reclaimed zones, we have planted over 1.6 million trees of 40 native species, which has allowed the return of species such as the jaguar, which is the largest feline in the Americas, and classed as a key species in the equilibrium of the ecosystems where it inhabits.

THE GUARDIAN OF THE WATER

In the oral tradition of many indigenous peoples, the jaguar is a protector, a warrior, and a lineage carrier⁸. Historically, it is a mythical figure represented and venerated for centuries from the Negro River in Argentina to the current southwestern United States.

The jaguar plays a significant role in the environment since its presence is crucial for the proper operation of the ecosystems it inhabits. In fact, according to environmental experts, it is a guarantee of good health and food safety. Nevertheless, activities such as indiscriminate poaching, fragmentation of the ecosystems it inhabits, and conflict with humans have reduced its distribution range over the last 100 years to less than 50% of its original extent, placing its survival at serious risk.

At Cerrejón, we are committed to the conservation and protection of this guardian of the forests and bodies of water. Therefore, we have formed a biological corridor of more than 25,000 hectares linking tropical dry forests in the Sierra Nevada de Santa Marta and the Serranía del Perijá, thereby joining two strategic ecosystems in the Colombian Caribbean region.

In order to safeguard the jaguars' well-being day to day, we constantly monitor mine perimeter zones and water corridors using trap cameras to track individuals passing through the area.

In addition, we foster conservation agreements with community associations to protect nearly 2,000 hectares of tropical dry forest, and our Land Reclamation Program has preserved over 3,900 hectares where we previously performed open-pit coal mining.

These reclaimed areas, where more than 1.6 million native-species trees have been planted, act as a biological corridor between the Serranía del Perijá and the Sierra Nevada de Santa Marta, allowing the passage of wildlife and the return of the jaguar, known as the Guardian of the Water.



Jaguar captured with a trap camera in 2018.

A Safe Place to Travel

All of these efforts can be viewed as even more important considering the jaguar is on the international list of threatened species. In the Ranchería River valley, for instance, this feline had not been sighted since 1976, a decade before mining began in the department. It was only in 2016 that a jaguar was once again seen in the valley, this time on land reclaimed by the company.

The planting of more than 8 million native trees over the next decade will allow the company to make sure that these lands and the biological corridor being constructed will become the home and shelter of this important animal species, indispensable for the equilibrium of its natural habitats.

"We are convinced that our work to protect the forest and the conservation of Guajiran biodiversity, together with the competent authorities and communities, is a key element to promoting the department's sustainability and the well-being of its inhabitants. We are fortunate that this region has ecosystems of great social, cultural, and environmental value for the country and the rest of the world, and at Cerrejón we safeguard them," stated Gabriel Bustos, manager of Environmental Management.

Thus, the building of the biological corridor is a result of the company's interest and commitment in generating value for La Guajira and the rest of the country.

⁸ Gómez García-Reyes, Cristina y Esteban Payán Garrido. 2017. "Iconografías y representaciones del jaguar en Colombia: de la permanencia simbólica a la conservación biológica". Antípoda. Revista de Antropología y Arqueología 28: 131-152. Doi: <https://dx.doi.org/10.7440/antipoda28.2017.06>.

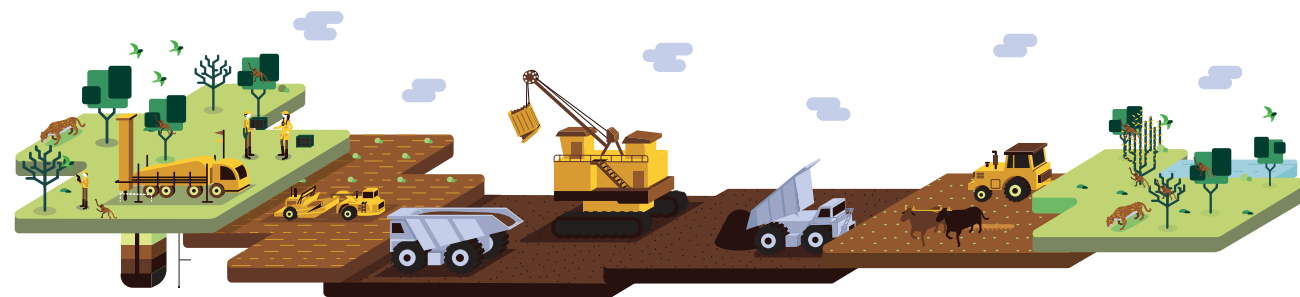
Land Reclamation

Cerrejón's Land Reclamation Program is pioneering in Colombia. It not only began over thirty years ago, at the same time as the mining operation, it was also launched well before that type of activity became a legal requirement in the country. This program transforms the land disturbed by mining into forested zones that allow the establishment, maintenance, and succession of regional wildlife species such as gray brocket deer, southern Tamandua anteaters, American kestrels, and significant populations of birds, insects, amphibians, and reptiles. We thus rebuild terrestrial ecosystems to guarantee their dynamics, structure, and functions are sustainable

and to ensure that the production and environmental services of their new condition are similar to or better than before the mining activity.

Experience and learning from different parts of the world have demonstrated that it is indeed possible to transform zones used for open-pit coal mining into areas suitable for establishing and maintaining reclaimed ecosystems. Cerrejón is no exception in this experience as we have reclaimed land in six stages: pre-mining, topsoil preservation, coal mining, land reconfiguration, soil stabilization, revegetation, and post-mining.

Process for Land Reclamation



Pre-mining
Soil analysis and wildlife relocation

Topsoil preservation
Clearing trees and topsoil removal and preservation

Coal mining
Removal of waste rock and extraction of coal

Preparation of land
Land reconfiguration, forming new topsoil

Soil stabilization
Protection, genesis, organization, and structural development

Revegetation
Biological diversification

LAND RECLAMATION PROGRAM IN 2018	
TOTAL LAND DISTURBED	14.492.7 ha
AREA RELEASED	4.318.3 ha
RECLAIMED AREA	3.954.6 ha
LAND STABILIZED (SEEDED WITH GRASSES)	3.873.9
LAND REVEGETATED (WITH TREES PLANTED)	3.067.9
TREES PLANTED ⁹	1.6 millones
TOPSOIL REMOVED AND PRESERVED	50.757.6 m ³
TOPSOIL PRESERVED IN SOIL BANKS	31.818.2 m ³

3,954 HECTARES REHABILITATED SINCE 1990.

⁹ The trees planted cover over 40 native species such as brazil nut, quebracho, divi-divi, yellow ipê, ebony, oak, acacia, yellow poui, and Panama redwood.

Biodiversity

(304-1) (304-2) (304-4)


According to the Biodiversity Information System of Colombia (BIS Colombia), this country may host between 200,000 and 900,000 species, although we currently have a record of only 25% of the total species. What is more, Colombia is in the top ten countries with the highest biodiversity globally. It holds the first place in birds and orchids; the second place in plants, amphibians, butterflies, and freshwater fishes; the third place in palm trees and reptiles; and the fourth place in mammals. The wealth of biodiversity is magnificent, and it is our duty to safeguard its conservation.

Our company has a mining lease of 69,346 hectares, of which 14,493 ha have been disturbed as of 2018. We are situated in an area of high biological value, between the Serranía del Perijá and the foothills of the Sierra Nevada de Santa Marta, two protected areas in the Colombian Caribbean. In addition, we adjoin the Ranchería River and several of its tributaries, where the dominant landscape is shrubland and recovering fragments of tropical dry forest. Further, different ecosystems coexist in this area, from gallery forests to desert scrublands, resulting in a very specific biodiversity.

To preserve this biodiversity, we carry out studies that allow us to know this region in depth and to identify possible environmental impacts caused by our operations in order to determine the management plans that will allow us to prevent, mitigate, restore, and offset.

We constantly seek sustainable interaction with fauna and flora species by evaluating our impacts and establishing management measures such as: actions to aid ecosystem connectivity; initiatives to track, conserve, rehabilitate, and relocate wildlife; and environmental offsets, which are reflected in our four management pillars.



PILLAR	WHAT DO WE DO?	WHAT DO WE ACHIEVE?
WILDLIFE MONITORING	<p>Hand in hand with a team of experts, we locate and identify low-mobility animals for later relocation to areas reclaimed or not disturbed that are a suitable habitat for them.</p> <p>As part of the Wildlife Monitoring and Tracking Program, we analyse the composition of species, their abundance, diversity, and spatio-temporal distribution in populations of amphibians, reptiles, birds, and mammals.</p>	<p>Venezuelan red howler monkey</p> <ul style="list-style-type: none"> In 2018, three juvenile individuals of <i>Alouatta seniculus</i> (Venezuelan red howler monkey) were rescued outside the project area. The release of these animals contributes to preserving this species in natural habitats. The release was carried out in areas where this species is not hunted. <p>Trachemys callirostris (Colombian slider turtle)</p> <ul style="list-style-type: none"> According to the 2016-2017 wildlife monitoring of the Omacha Foundation, the Colombian slider turtle is a nationally vulnerable species (see also the Red Book of Reptiles by Morales-Betancurt et al., 2015) since its population has declined by more than 30% over the last 20 years (Bock et al., 2015). To contribute to the protection and recovery of its population, we started a Reproduction Program based on the artificial incubation of slider eggs. We managed to gather 978 eggs and incubated them in artificial nests made out of clay. Hatching success was 90% and the survival rate was 84.47%.
WILDLIFE CLINICAL AND BIOLOGICAL RECOVERY	<p>A multidisciplinary work team (comprising biologists, veterinarians, and field assistants) supply their knowledge to provide effective management in wildlife rehabilitation.</p> <p>Our Wildlife Refuge Centre is a temporary home to various species of animals that need care under the best conditions. More than 56,000 animals have been rescued since 2008, of which a large percentage have been rehabilitated at the Wildlife Refuge Centre.</p>	<p>We identified a group of 31 <i>Ateles hybridus</i> (brown spider monkeys) near the mountainous zone of Serranía del Perijá.</p> <ul style="list-style-type: none"> We released 212 individuals from the class of actinopterygii fish, including: <i>Rhamdia quelen</i> (silver catfish), <i>Caquetaia kraussii</i> (Krauss' basketmouth cichlid), and <i>Prochilodus magdalenae</i> (netted prochilod). We released 35 amphibian individuals, including: <i>Pleurodema brachyops</i> (Colombian four-eyed frog), <i>Rhinella humboldti</i> (Rivero's toad), and <i>Leptodactylus poecilochilus</i> (jumping frog). We released three birds belonging to two species: <i>Cryptellus erythropus</i> (red-legged tinamou) and <i>Megascops choliba</i> (tropical screech owl). We released 47 individual mammals: <i>Pattonomys semivillosus</i> (speckled spiny tree-rat) and <i>Marmosa xerophila</i> (Guajira mouse opossum). We released 847 individuals of reptiles: <i>Lepidoblepharis sanctaemartae</i> (Santa Marta dwarf gecko), <i>Gonatodes vittatus</i> (Wiegmann's striped gecko), and <i>Phyllodactylus ventralis</i> (Margarita leaf-toed gecko).
CONSERVATION PROGRAM FOR THREATENED SPECIES	<p>We participate in various biodiversity conservation programs in partnership with communities and public and private entities such as Corpogujaira, Conservation International, the Omacha Foundation, and others. Our objective is to promote the conservation of species in critical danger of extinction and the stewardship of nature reserves such as the Montes de Oca Protected Forest Reserve.</p>	<p>In reclaimed areas, some ponds are currently being prepared to create habitats for species associated with aquatic systems. The goal is to establish populations (in this case amphibians) that can sustain themselves and complete their life cycle in these areas.</p>  <p>LA PACHA POND IN THE ESTRELLA AREA BEING RECLAIMED 2018.</p>
ENVIRONMENTAL OFFSETS — WÜINN MANNA	<p>Wüinn Manna means biological water corridor in Wayuu. It is the name of the front we are working on in partnership with the National Environmental Permitting Authority (ANLA) and Corpogujaira. The goal is to connect the Sierra Nevada de Santa Marta with the Serranía del Perijá via biological corridors to link the flora and fauna of the Caribbean with those of the Llanos Orientales and the Colombian Amazon. The target is the recovery of catchment basins and rainwater harvesting to protect endangered species such as the jaguar.</p>	<p>We have identified areas to conserve through restoration or preservation in the biological corridor, and the corridor has been delimited through spatial models of the habitat and connectivity corridors. Based on the above, we monitored with trap cameras in the sites identified to determine the use of these areas as transit zones for wildlife. We identified species such as <i>Panthera onca</i> (jaguar) using some of these sites, indicating that the corridors are functional and are being employed by very important species.</p>

In addition to the above, we have the resources for the research and monitoring of Guajiran ecosystems, thanks to which we have identified High Conservation Values (HCV) Type 1. This equates to the presence of threatened, endangered, endemic, and migratory species with a high number of individuals and viable populations. This circumstance confirms that the ecosystems in and around the mining complex offer significant resources for the survival of these species. The types of species found in our areas of operation are presented below ¹⁰

One of the main impacts caused by our operations is the alteration of the physical and environmental conditions of the microhabitats of the different animal species in the zone.

Consequently, we have worked for three decades in land reclamation in a process that covers pre-mining, topsoil preservation, coal mining, land reconfiguration, soil stabilization, revegetation, and post-mining.


Protected Areas

In partnership with Conservation International, Caribbean Environmental Heritage, and Corpogujaira, we have contributed to having over 60,000 hectares declared protected areas in this region. Worth noting amongst these are the Montes de Oca Forest Reserve, the Ranchería River delta and lower basin, and the Bahía Portete National Park, the aim of which is to preserve the ecosystem services of La Guajira.

In addition, the first civil society nature reserve is soon to be declared in the Sole Register of Protected Areas (RUNAP, its acronym in Spanish). It is 1,964 hectares and comprises Aguas Santa Helena (1,651 hectares between Albania and Hatonuevo) and Mushaisa (313 hectares).

CRITICALLY ENDANGERED	ENDANGERED	VULNERABLE SPECIES
Atlantic tarpon (<i>Megalops atlanticus</i>)	Ebony (<i>Libidibia ebano</i>)	Netted prochilod (<i>Prochilodus reticulatus</i>)
White-tailed deer (<i>Odocoileus virginianus</i>)	Verawood (<i>Bulnesia arborea</i>)	Comelón (<i>Leporinus muyscorum</i>)
	Carreto (<i>Aspidosperma polyneuron</i>)	Dorado (<i>Salminus affinis</i>)
	Garcero (<i>Licania arborea</i>)	Common snook (<i>Centropomus undecimalis</i>)
	Perehuétano (<i>Parinari pachyphylla</i>)	Dorado (<i>Salminus affinis</i>)
	Spanish cedar (<i>Cedrela odorata</i>)	Red-footed slider turtle (<i>Chelonoidis carbonarius</i>)
	Pochote (<i>Pachira quinata</i>)	Scorpion mud turtle (<i>Kinosternon scorpioides</i>)
	Knob-billed duck (<i>Sarkidiornis melanotos</i>)	Colombian slider turtle (<i>Trachemys callirostris</i>)
	Pataló (<i>Ichthyoelephas longirostris</i>)	Vermilion cardinal (<i>Cardinalis phoeniceus</i>)
	Maracaibo wood turtle (<i>Rhinoclemmys diademata</i>)	Jaguar (<i>Panthera onca centralis</i>)
		Neotropical otter (<i>Lontra longicaudis</i>)

3,954 HECTARES HAVE BEEN RECLAIMED FROM 1990 TO 2018.

Integrated Management District of the lower Ranchería River basin with 32,443 hectares in the municipalities of Riohacha, Manaure, Maicao, and Albania.	Integrated Management District of the Ranchería River delta with 3,601 hectares in Riohacha.	Bahía Portete National Nature Park with 14,079 hectares in the municipality of Uribia.	Montes de Oca with 12,294 hectares.
			

¹⁰ Correjón has no separate information for species that are near-threatened and of least concern.

Milestones 2018

- At the Cerrejón Wildlife Refuge Centre, we identified a group of 31 individuals of *Ateles hybridus* (brown spider monkeys) in the Serranía del Perijá mountain zone.
- We rescued three juvenile individuals of *Alouatta seniculus* (Venezuelan red howler monkey) in our operational area.
- Over the course of the year, we recorded five jaguars in the operation's area of influence.
- We collected 978 *Trachemys callirostris* (Colombian slider turtle) eggs, achieving a hatching rate of nearly 90% and a survival rate of 84.47%.

Environmental Offsets

Based on regulatory guidelines, environmental offset is a set of measures and actions that generate environmental benefits proportional to the damages or impacts caused by a project in which effective measures for prevention, correction, mitigation, recovery, or restoration cannot be adopted. The goal is to maintain ecosystem biodiversity and function, while also creating a sense of empowerment and leadership amongst regional actors. In this regard, environmental offsets are the last rung on the ladder of mitigation hierarchy.

The offset measures are proposed by the project implementer and must cover the phases for construction, operation, maintenance, dismantling, abandonment, and/or termination. The corresponding environmental authority evaluates the management plan in order to approve the proposed measures.

Cerrejón's Environmental Offset Plan

In 2018, we received approval for our Offset Plan by

Challenges 2019

- Continue monitoring populations of Venezuelan red howler monkeys, reptiles, and *Cebus albifrons* (white-fronted capuchins).
- Make a greater effort at recording *Cebus albifrons* (white-fronted capuchins) to get a better record of its population density, taking into account other areas such as Cerrejón Creek and the Los Remedios zone.
- Evaluate the importance of the sampling stations for the conservation of migratory birds, performing intensive monitoring during periods coinciding with the migration peaks. This will provide the necessary information to propose conservation strategies for these species, such as habitat use and migration timelines.
- Support the survey for the ecological and environmental baseline of the Bahía Portete Park in partnership with GIZ, Invemar, Dimar, and Corpoguajira.
- Strengthen agreements with local communities for planting mangrove for the preservation of marine ecosystems.

the National Environmental Permitting Authority (ANLA), taking as a reference the strategies previewed in the National Restoration Plan (2015) and the Manual of Offsets Due to Loss of Biodiversity (2016) to put together a unique offset plan in the country.

Wüinn Manna, which means biological water corridor in Wayunaiki, is the name of the initiative we are implementing together with the ANLA and Corpoguajira to recover regional ecosystems, mainly tropical dry forest. The plan seeks to improve connectivity between the Sierra Nevada de Santa Marta and the Serranía del Perijá through biodiversity corridors that link these regionally strategic ecosystems.

In these corridors, we will carry out effective conservation and ecological restoration of areas near the mining operation and microbasins of tributaries to the Ranchería River and in the areas surrounding Cerrejón's mining complex, where there are priority and ecologically equivalent areas. Thus, we improve biodiversity conditions in areas that have suffered third-party changes such as deforestation and livestock-raising (amongst others) and whose special characteristics (e.g. the Montes de Oca Forest Reserve) grant them a vital role in the regional connectivity of strategic areas.

With the goal of safeguarding the region's biodiversity and empowering regional actors in its stewardship and protection, we rely on the leadership and participation of a multidisciplinary team of professionals responsible for managing the project's technical portion and engaging with our stakeholders to achieve the expected outcomes.

In this regard, our Offset Plan covers a strategy with seven complementary actions, as described below

Active and Passive Restoration

Restoration can be defined as a practical management strategy that re-establishes ecological processes to maintain ecosystem composition, structure, and function in different landscape units and at different scales by developing participatory strategies (Apfelbaum and Chapman, 1997). Restoration is a complex, comprehensive process with mid- to long-term objectives. The purpose goes beyond simple revegetation or reforestation of areas by planting tree species.

In Cerrejón's Offset Plan, the restoration we undertake seeks to:

- Restore wooded vegetation on slopes that are eroded and in danger of slides.
- Improve and accelerate natural regeneration in wooded areas converted into pastures and in those degraded by unsustainable forestry practices and illegal harvesting.

- Gain knowledge about early and late succession species.
- Accelerate the recovery of secondary forests with the introduction of key tree species of primary forests (late successional).
- Develop successional paths with pioneering species (herbaceous, shrubs, and woody) that have the highest rates of growth and carbon fixation to accelerate the successional process.
- Expand forest patches and fragments and form regeneration patches in pastures in order to re-establish landscape connectivity.
- Use tools for landscape management to guarantee the maximum regional biodiversity.

Purchase of Properties

Based on an analysis to determine offset actions, we identified 119 private properties that contain some type of natural cover and would contribute to the conservation of the Wüinn-Manna biological water corridor.

Construction and Improvement of Wildlife Passages

Wildlife passages are a habitat-conservation practice that allows the connection or reconnection of areas as a measure to prevent their fragmentation. Structurally, these wildlife passages makes it easier for animals to cross barriers erected by humans.

Structures may include tunnels, viaducts and bridges, and drainages, as well as overhead cables or ropes for tree-living mammals such as monkeys and squirrels.

In this regard, we have two strategic activities:

- Improving existing structures, improving crossroads on motorways, and implementing measures that prevent wildlife from crossing in high-speed or higher-vulnerability areas by installing fencing.
- Building a new structure that crosses underneath the motorway and includes small gratings for reptiles and amphibians as well as enormous tunnels for large mammals.

Conservation Agreements

Conservation agreements are a useful methodology to connect the different regional actors. At Cerrejón, these agreements are aimed at farmers and indigenous communities. The proposed model offers direct and indirect incentives for conservation through a benefits package negotiated in exchange for commitments for individuals or communities to use resources sustainably (for instance, through restoration efforts).

The conservation agreements are entered into with family groups owning the land to ensure the sustainability of the forest in recovery and restoration as well as the development of business ventures through a new offer of environmental services and the implementation of new forms of production aligned with environmental protection.

These types of agreements also allow us to recover connectivity between different properties that had been isolated due to landscape fragmentation. This step favours the recovery of natural ecosystems and the connectivity of ecological flows of wild flora and fauna.

Landscape Management Tools

These management tools improve habitats for wild species, increasing the landscape's functional connectivity and increasing the probability of movement of animal and plant species.

- Protection and enrichment of remnants of natural vegetation: forest fragments and river banks.
- Implementation of agro-forestry systems or silvopasture systems.
- Hedges.
- Ecological restoration, plant nurseries, and use of native species.

Measures to Prevent Feline Conflict

These measures correspond to practices implemented to prevent, minimize, or mitigate possible feline attacks

on domesticated animals. These practices are accompanied by sharing with communities mitigation actions that can most reduce impacts on human populations and on feline species.

Planting and Rainwater Harvesting

Planting and rainwater harvesting include grey and/or green infrastructure and regulations on the occupation and use of land to restore or improve the function of a specific ecosystem. This activity considers measures that stimulate the incorporation of rainwater by intercepting and infiltrating part of surface runoff occurring due to rainfall into the ground, subsoil, and/or aquifer.

Thanks to this practice, we can increase vegetation cover, regulate soil permeability, ensure greater slope stability, and improve the surface or subsurface retention of high-quality water, amongst other benefits.

Challenges 2019

- Start implementation of the seven aforementioned strategies in the zones that will form part of the biological water corridor.
- Of the 21,797.6 hectares that will comprise the corridor, nearly 54.1% (11,787 ha) require active or passive restoration treatments to re-establish natural cover to provide habitats and shelter for wildlife crossing between the Serranía del Perijá and the Sierra Nevada de Santa Marta.

La Puente Project

The coal reserves that provide the reason for the mining are found in locations determined by nature, and occasionally coincide with the location of bodies of water such as rivers, creeks, and others. Current social and environmental standards as well as innovations in environmental engineering allow mining companies from all over the world to preserve water sources and their ecosystem services.

Our operation currently mines in different pits, some of which have coal reserves that will be exhausted in the short term. In order to ensure continuity in our production and in the positive impacts it has on the region and the rest of the country, we must access new coal seams in the La Puente Pit.

This pit is located on land purchased by the company from private owners in 1982. There are no human settlements, fishing activity, or farming to support local communities on this land. However, in the mining operation's area of expansion is the lower course of Bruno Creek, which is a seasonal stream (4 months with water and 8 months dry). We must protect and preserve this creek as part of our commitment to the environment. To do so, in 2016, Cerrejón began engineering works for the partial modification of the creek's streambed and its relocation 700 metres further north from its current site. This would not affect its natural connection to the Ranchería River nor the availability of water for communities upstream.

About Bruno Creek

Bruno Creek is located along the boundary of Albania and Maicao. Its headwaters are in the upper zone of the Serranía del Perijá (La Guajira) in the Montes de Oca Protected Forest Reserve. Its course runs southeast-northwest for 22.4 kilometres until it joins the Ranchería River.

According to IDEAM data, this creek is seasonal, with wet periods in May, October, November, and December, and eight months of dry periods from January to April and from June to September. The volume of flow varies depending on the season and the reach in which measurements are taken (the upper, middle, or lower section).

In the upper part, at the creek's headwaters, there is more water than in the lower section due to greater precipitation and less evaporation, and so it is the aquifer's recharge zone.

In the middle part, in the municipality of Albania, is the area of La Batea, which the communities use for recreation, vehicle washing, and occasional water withdrawals by residents whose communities may be undergoing temporary water shortages in wells, cisterns, or traditional water ponds (jagüeyes). Given the need to improve the creek's water supply, Cerrejón will undertake basin-conservation activities in this section with community participation.

The lower section acutely reveals the creek's seasonal nature in accordance with the afore-mentioned wet and dry periods. There is no agricultural nor fishing activity nor are there any human settlements near the creek.

This area is the site of the engineering works for the partial modification of the creek's course. Nearby is where the mining activities are planned, on Cerrejón property acquired in 1998 from private owners and where, as a result, no one has resided since then.

What did the streambed modification project consist of?

The project planned for the excavation of a new course 700 metres north of the original streambed, keeping in mind that the section of creek modified is only 3.6 km long.

The new course reproduces the physical and biotic conditions of the original streambed: curves (meanders), gradient, speed of flow, and capacity of water flow. Thus, the project allows the integration and reproduction of species of flora and fauna.

In addition, the design included the relocation of individuals of native species and genetic material from the original streambed to the new course, thereby accelerating the area's reclamation process. Further, the project included the construction of 1,000 streambed habitats to be colonized by local fauna.



WHAT ARE THE PROJECT STAGES?	
Preliminary activities:	This stage includes processing environmental permits, building administrative infrastructure, delimiting the works, and scaring away and relocating fauna.
Streambed excavation:	This stage involves clearing vegetation and forestry use; the characterization, removal, and storage of topsoil; excavation of the new channel and of a floodplain with similar meanders to those of the original streambed; and the construction of a bridge to maintain access to the mining pit.
Rehabilitation of course:	This step comprises the environmental configuration of the new course; the construction of habitats for aquatic, terrestrial, and flying wildlife; the construction of infrastructure for the streambed (rock riffles, live crib walls, barriers); re-establishing vegetation cover by planting graminoids, herbaceous species, and shrubs; and the relocation of genetic material from the original streambed to the new course.
Course opening:	This step comprises the opening of the new course, its environmental stabilization, and the start of monitoring of hydrobiology (quarterly) and of terrestrial wildlife (annual).



geology, and fluvial mechanics. These studies are backed by national organizations such as Ingetec and Concreto and international organizations such as Alluvium. Further, the Bruno project has been positively reviewed in terms of design, engineering, and environmental management by many experts from the public sector (von Humboldt Institute, Ministry of Mines and Energy, National Mining Agency), academia (Javeriana University, University of the Andes, National University, and the University of Calgary in Canada), and the World Bank multilateral development bank, amongst others.

Finally, it should be noted that the Bruno project has been presented to nearly 6,000 people from local communities and authorities, NGOs, and news media through various Cerrejón corporate media and field visits.

Concerning the indigenous communities, the Ministry of the Interior certified the community of Campo Herrera (Wayuu ethnic group) as the only one potentially impacted by the works to partially modify the course of Bruno Creek due to occasional fishing activity. As a result, Cerrejón held a prior consultation in the second half of 2013, reaching community agreements that were formalized in May of 2014.

Bruno Creek in 2018

In March of 2017, the new course became operational, beginning the environmental stabilization phase, which is consolidating in 2018. The slopes of the new streambed are covered with a layer of topsoil and the first generation of plant species has been planted.

Further, in 2018 the hydrological and hydrogeological monitoring program continued in compliance with the requirement set out in the environmental permits granted by Corpogujira and the ANLA. The sixth monitoring was held from November 16 to 23 of 2018. It evaluated the 3.6 km modification of Bruno Creek during the rainy season, with rainfall and running water at all monitoring stations.

THIS MONITORING INCLUDED THE FOLLOWING STUDIES:	
WATER RESOURCES	FAUNA
Monitoring of surface water levels	Insects
Monitoring of groundwater levels in aquifers	Reptiles and amphibians
Monitoring of surface and groundwater quality	Mammals
	Birds

As part of the partial modification of the course of Bruno Creek and in line with indications by the environmental authorities, we developed a portfolio of offset measures in which communities in the area of influence participate. The measures are aimed at improving the structure and conditions of ecosystem connectivity of 235 hectares in the creek headwaters and at developing alternatives for groundwater supply. As of the end of 2018, the following progress had been made:

<p>MORE THAN 13,000 NATIVE TREES PLANTED.</p>	<p>147 HECTARES RECLAIMED.</p>	<p>MORE THAN 12,000 PROTECTED TREES PLANTED.</p>
<p>CONSTRUCTION OF TWO WELLS TO SUPPLY WATER TO LOCAL COMMUNITIES.</p>	<p>CONSTRUCTION OF A COMMUNITY PLANT NURSERY WITH AN INITIAL PRODUCTION OF OVER 7,000 SEEDLINGS.</p>	<p>KEY STUDY ON THE OCA FAULT TO EXPAND KNOWLEDGE ON WATER AVAILABILITY IN THE ZONE.</p>

What studies, assessments, and consultations are the works based on?

The history of the Bruno project goes back to 1998, when the then Ministry of the Environment established the Environmental Management Plan for the New Mining Areas (NAM). This plan considers the partial modification of the course of Bruno Creek as an environmental measure to allow the mining of the La Puente Pit.

In 2013, Cerrejón presented all the detailed engineering plans (project design) and the required socio-environmental analysis to the National Environmental Permitting Authority (ANLA), which were approved by that agency in 2014.

In addition, studies required by Corpogujira to grant the environmental permits were carried out. Of particular note is the study evidencing Cerrejón's compliance with the IDEAM recommendations as concerns hydrology, hydro-



ECONOMIC VALUE GENERATION

CHAPTER

08



GOAL: 9.3



GOAL: 8.6, 8.7, 8.9

OUR CONTRIBUTION TO THE REGION

Our commitment to generating value for the region and for our stakeholders is immersed in Cerrejón's business vision and culture. Therefore, we undertake our activities as part of a comprehensive management allowing us to generate value and contribute to closing regional development gaps to ensure the sustainability of this region and of the company.¹

According to the most recent report on the sector breakdown of the Gross Domestic Product (GDP) by the National Statistics Department (DANE, its acronym in Spanish), Mines and Quarries contribute 44% of the GDP in La Guajira. This figure is a clear indication of the importance of our activity for the region.

Therefore, we carry out initiatives throughout our value chain to leverage the potential of the different actors comprising it, strengthening their capabilities, offering opportunities for growth, and generating benefits for our setting. This is part of our strategic management of our supply chain, strengthening local businesses, and contributing to improving regional competitiveness through means such as Works for Taxes.

In 2018, we exported 30.5 million tonnes of coal.

Direct Economic Value Generated and Distributed

(GRI 201-1)

Our economic performance management allows our company to generate value for our stakeholders throughout our value chain.

At Cerrejón, we implement the best sector standards in our operations with the aim of being more efficient, optimizing processes, and reducing associated costs responsibly. The approach has allowed us to have a better economic performance and contributed to our goal of generating value for La Guajira by developing jobs and growth opportunities for our employees and their families, creating ties of collaboration with suppliers and contractors, paying local and national taxes, and implementing voluntary social programs.

The economic data presented below is based on figures from Carbones del Cerrejón Limited and Cerrejón Zona Norte S.A.

Direct Economic Value Produced (Figures in thousands of COP)	Economic Value Distributed (Figures in thousands of COP)		Economic Value Retained (Figures in thousands of COP)
REVENUE FROM NET SALES \$ 7,754,827,578,99	OPERATIONAL COSTS \$ 4,647,578,966,10	SALARIES AND BENEFITS FOR EMPLOYEES \$ 880,475,921,36	IN 2018 (\$ 1,363,750,819)
REVENUE FROM FINANCIAL INVESTMENTS \$ 23,314,281,61	PAYMENTS TO CAPITAL SUPPLIERS \$ 1,475,034,787,69	PAYMENTS TO GOVERNMENT \$ 2,121,753,484,22	The retained economic value corresponds to the difference between the direct economic value generated by Cerrejón and the distributed economic value in the stakeholders mentioned in the performance indicator.
REVENUE FROM ASSET SALES \$ 6,340,856,65	INVESTMENTS IN COMMUNITIES \$ 23,390,376,99		
IN 2018 \$ 7,784,482,717	IN 2018 \$ 9,148,233,536		

Direct Economic Value Generated and Distributed²

Figures in thousands of COP	In 2017	In 2018
Direct economic value produced	COP 7,515,007,152	COP 7,748,482,717
Economic value distributed	COP 6,984,726,950	COP 9,148,233,536
Economic value retained	COP 530,280,203	(COP 1,363,750,819)

² (102-48) In this report, for the first time, we inform on Indicator 201-1 Direct, Generated, and Distributed Economic Value, and we have aligned the 2017 economic information with this reporting framework. Therefore, the economic figures for the 2017 Sustainability Report may vary compared to figures in the current document due to the change in reporting framework. The data on revenues, costs and operational expenditures, salaries, and social investment are reported on the basis of causation, whereas payments to the government and capital providers (shareholders) are reported on the basis of cash.

¹ GRI 102-7 The company's total capitalization expressed in thousands of COP is itemized in debt and capital. The debt figure is COP 4,497,754,535 and the capital figure is COP 6,680,618,742.



Supply Chain

(102-9)

We incorporate local, national, and international suppliers and contractors throughout our supply chain to obtain the goods and services necessary for our operations. We work to ensure that the entire chain is aligned with the principles of our business model and meets Cerrejón's conduct policies and guidelines.

Our objective is to promote ethical, safe, professional behaviour that complies with the highest standards in all actors participating directly or indirectly in our operations.

The main topics we require in contracting goods and services is compliance with our corporate policies applicable to third parties:

Human Rights Policy: This includes the guidelines concerning social standards adopted by the company.

Health, Safety, Environment, and Community Policy (HSEC): This is based on current Colombian legislation, especially as regards:

- Guaranteeing a healthy, safe working environment that protects everyone associated with the operation's services or works.
- Using only personnel with the necessary abilities and knowledge, licenses, and valid certificates required to carry out the corresponding works in a safe manner.

Ethics Policy and the Anti-Corruption Guidelines:

These These guidelines orient our approach to work and establish the controls associated with corporate risks, the prevention of losses due to illegal acts, and generally compliance with national and international standards and laws.

System for the self-regulation and management of the risk of money laundering and financing of terrorism.

In order to ensure compliance with these policies and guidelines, we have a purchasing and contracting process based on efficiency and transparency. It was developed by an interdisciplinary team and is supported by an online tool (BPM) organized into the following eight stages:

Stages of Purchasing and Contracting Process

1. Preparation of purchasing and contracting plan
2. Definition of supply strategy (tenders, direct purchasing, etc.)
3. Preliminary selection of suppliers and contractors
4. Sending requirements (environmental, social, human rights) and estimate request
5. Receiving bids
6. Evaluation and recommendation of tender awards
7. Refinement of agreement
8. Contract administration

Any company wishing to present a tender may do so through our platform for contractors and suppliers on our web portal www.cerrejon.com

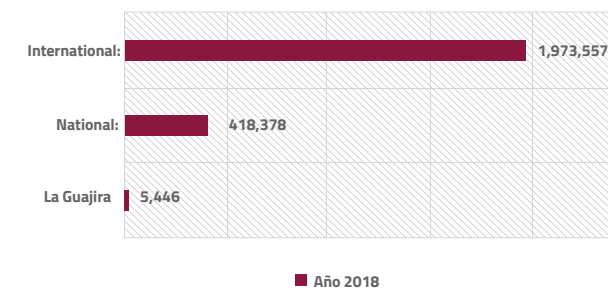
Investment in purchasing and contracts by region

Our investments in the acquisition of goods and services can be grouped into three categories according to the region they belong to: Guajiran, national, or international companies and people. The purchasing and contracts made by Cerrejón in 2018 are presented below. *The

figures for national suppliers and contractors include all regions of Colombia except La Guajira.

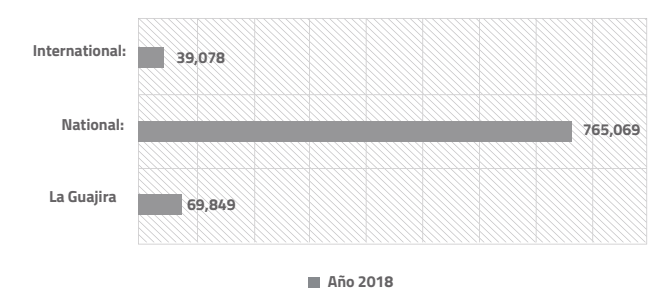
Investments in purchasing – 2018

(Figures in millions of COP)



Investment in contracts

(Figures in millions of COP)



NUMBER OF SUPPLIERS		
Internacional	Nacional	La Guajira
278	551	34

NUMBER OF CONTRACTORS		
Internacional	Nacional	La Guajira
59	456	125

Business Strengthening Program

Convinced of the importance of strengthening the region's business fabric and increasing the competitiveness of the private sector in La Guajira, we implemented a Business Strengthening Program. The aim is to develop the capabilities of local businesses to leverage the required characteristics of quality, efficiency, and competitiveness through support that includes technical assistance and training sessions for companies participating in the program. Thus, these organizations can strengthen their management, improve their processes, and boast of greater competitive advantages to participate in Cerrejón's purchasing and contracting processes, which will allow them to become part of our value chain.



This program has four (4) complementary phases to meet its goals:



MILESTONES 2018

- Strategic alliance with SENA and the Public Employment Agency, for articulation of joint actions in job opportunity management, including the inauguration of the SENA office in the facilities of Cerrejón, promoting access to the services and programs of this entity.
- Training of more than 1,300 people of the communities of Albania, Barrancas and Hatonuevo, through career guidance and basic safety courses.
- 439 positions occupied by guajirans.
- Access of more than 480 people to current job opportunities in La Guajira, through a labor fair held in Barrancas.
- Managers of 20 companies of La Guajira (located in Barrancas, Hatonuevo, Albania, Uribe and Riohacha) participated in activities aimed at strengthening their business capabilities.

In 2018, we worked with 20 companies in La Guajira, located in Barrancas, Hatonuevo, Albania, Uribe, and Riohacha. Activities were oriented at strengthening the business capabilities of the senior management of these organizations

Based on the satisfaction survey and the measurement of program key performance indicators, we noted their business model, leadership skills, financial management, and business management all improved over the five (5) months of the initiative in 2018.

This project is expected to finish in 2019, with a total investment of COP 354 million, of which COP 124 million were executed in 2018.

Capability-Building for the Productive Inclusion of Guajirans

Aligned with our commitment to contribute to regional development, we have promoted capability-building in people through Tecnoguajira, an educational institution for work and human development created by Cerrejón.

In 2018, 200 new students enrolled, **142 in the Mining Equipment Maintenance Program, and 58 in the Mining Equipment Operation Program.**

- 60% of Tecnoguajira graduates have found jobs in the labour market.
- Since 2015, Tecnoguajira has been operating with the resources generated by providing its educational services, which is evidence of the welcome of this initiative by the population of La Guajira.

For more information, see the chapter "Tecnoguajira". Works for Taxes

At Cerrejón, we view the mechanism of Works for Taxes as an opportunity to ratify our purpose to generate shared value and build collective visions of the future based on coordinated work with the government, other actors from the private sector, communities, and civil society.

Works for Taxes offers the possibility of allocating up to 50% of the revenue tax companies pay the State into high-impact civil works that aid in closing infrastructure gaps, increasing regional competitiveness, and improving the quality of life of people in the Zones most Affected by the Armed Conflict (ZOMAC, its acronym in Spanish).

In this context of implementation and financing in post-conflict Colombia, we note the possibility of promoting public-private partnerships that allow us to bring about a tangible, positive transformation in La Guajira in consonance with the business vision. Thus, the company presented the project "Expansion of the Production Capacity of the Drinking Water Treatment Plant of the Aqueduct System of the District of Riohacha," which was approved by the Agency for Land Renewal (ART, its initials in Spanish) to allocate resources from revenue tax to its direct execution as an investment project.

Our Investment Project in the Context of Works for Taxes

As we are well aware of the water stress conditions in La Guajira and of the shortfall in drinking water production of the Riohacha system, we submitted the proposal to expand the production capacity of the Drinking Water Treatment Plant of the Aqueduct System of the District of Riohacha as part of Works for Taxes.

What do we seek with this project?

To increase the water treatment capacity of the Riohacha system by 100 litres per second using a conventional treatment plant, raising the rate from 560 litres per second to 660 litres per second.

What is Cerrejón's investment?

The company shall allocate more than COP 6.8 billion for this project.

What does this project include?

The project consists of building an additional conventional module for water treatment, consisting of a flocculator, sedimentation tank, and a filter. In addition, it also includes construction of a tank for storage of sludge and sludge drying beds.

Challenges 2019

- Finish and deliver the Works for Taxes project in accordance with the planned timeline of November 2019.
- Overcome the challenges that may arise as regards legal, institutional, and technical issues in the Works for Taxes project since this mechanism is in a pilot and learning phase that requires joint work with the central and local governments.
- Create occasions for dialogue and learning on the opportunities, challenges, restrictions, and solutions of the implementation of the Works for Taxes mechanism in La Guajira and other parts of the country.
- Maintain a win-win relationship with public and community actors so that mechanism benefits are felt by the company, the central government, the local government, and civil society.

OPERATION CLOSURE PLANNING

The life cycle of responsible mining begins during the exploration stage and is planned through the end of operations and the re-establishment of social and environmental equilibrium of the mined area. At Cerrejón, our three (3) decades of operation are based on compliance with the highest standards in the industry. This approach has allowed us to consolidate ourselves as a reliable, competitive company that projects its commitment at each stage of its mining projects, from the pre-operational stage to mine closure at the end of the mining contracts.

The Mine Closure Plan has four (4) phases based on the time remaining for the end of operations: Preliminary Plan, Draft Plan, Detailed Plan, and Final Plan. Cerrejón's Preliminary Closure Plan, filed with the National Environmental Permitting Authority (ANLA), was developed following international standards. This plan defines how the closure will be carried out and the activities required for it. This plan is dynamic as it must be updated the closer it comes to the end of the mining contracts, adjusting to current conditions.

Since the start of our operations, the company has shown its leadership in implementing progressive closure measures integrated with the operation in order to ensure compliance with all legal and environmental requirements and thereby guarantee a successful closure to operations in the zone. Thus, the progressive closure has focused on implementing the measures established in our Preliminary Closure Plan for mining areas and components that have reached the end of their service life so that we can subsequently enter the Draft Plan phase.

Conceptual Framework of Mine Closure

The conceptual framework of our mine closure adopts international guidelines and standards, including the principles of the International Council on Mining and Metals (ICMM). The stages of this framework are presented below.

PLANNING	PREPARATION OF MINE CLOSURE PLAN			
	25-15 YEARS	15-10 YEARS	10-5 YEARS	5-0 YEARS
	Preliminary plan	Draft plan	Detailed Plan	Final plan
EXECUTION PHASE	FROM THE START OF OPERATIONS TO THE END OF THE MINING CONCESSIONS.			Time to closure
	<ul style="list-style-type: none"> Land reclamation Combustion control 	<ul style="list-style-type: none"> Backfilling Water management system in dump sites. 	2034 End of mining concession	5 to 0 AÑOS
CLOSURE	FINAL CLOSURE	FORMAL	AFTER CLOSURE	
	End of all administrative and operational closure activities	Handover of areas and infrastructure to state.	Verify effectiveness of actions through monitoring, assurance, and documentation	

Milestones 2018

- We implemented the work plan with a detailed scope for updating the Preliminary Closure Plan as required for 2019. Given our transition from the Preliminary Plan to the Draft Plan, adopting the methodology of the Guide to Mine Closure, Version 2, 2013 of Anglo-American.
- We held group workshops in the company to analyse perspectives and receive methodological training with a view to updating the closure plan for 2019.
- We prepared an engagement and communications strategy plan to address the topic of operations closure with our stakeholders.
- We updated the financial provision for closure with the application of the International Accounting Standard (IAS 37).
- We selected an international consultant (Golder Associates, Peru division) with broad experience in building mine closure plans to carry out the updating process.

As in previous years, we implemented progressive closure measures such as land reclamation, water management, backfilling, spontaneous combustion monitoring, and communications and information, amongst others.

We deploy socio-environmental offset plans as approved by the environmental authorities in the context of the mine's progressive closure.



Challenges 2019

- Finish the updating of our Mine Closure Plan to progress in the transition from the Preliminary Plan to the Draft Plan.
- Prepare the detailed planning for the final closure of the Patilla Pit in accordance with our environmental permits and best practices and standards, taking into account the results of the 2019 updates and mining plan.
- Begin socialization with our stakeholders once the update has concluded.
- Adjust the financial provisions based on the update results.

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