

## **Sixth Progress Report on Cerrejón's Social Engagement Commitments Following the 2008 Third Party Review Panel's Report**

**Letter from León Teicher, CEO and President of Cerrejón  
April 30, 2011**

Cerrejón is pleased to present the sixth progress report on Cerrejón's social engagement commitments following the recommendations done by the independent panel in 2008. Since our initial report we have closed 17 projects and we will continue to work until the completion of the 7 projects that still remain. Some actions require input and decisions by external parties such as local institutions; therefore, completion dates will move to accommodate such processes. Nevertheless, we will do everything necessary to meet all the Panel's recommendations to improve our social engagement.

### **Human Rights Due Diligence and the Complaints Office**

Given our responsibility in human rights due diligence, we contracted a study to determine the impacts we may cause by our integrated operation. This study represents the first effort to systematize the main impacts in our area of influence and will allow us to understand them better, develop ways to prevent and mitigate them, and define compensation whenever required. In addition, this social impact assessment will help Cerrejón to strengthen its Human Rights Due Diligence process, building on the implementation of the Voluntary Principles on Security and Human Rights, the Global Compact, and the new UN "Protect, Respect, and Remedy" Framework for business and human rights. With this right-based process Cerrejón will be able to respond and engage with communities in a more direct and responsible way.

Following our goal of strengthening our social engagement with stakeholders and adopting the highest standards for businesses, Cerrejón decided in 2008 to join four other international companies to pilot a mechanism being developed by the UN Special Representative for Business and Human Rights, John Ruggie (i.e. Cerrejón is one of five companies worldwide piloting this mechanism). As we mentioned in our last report, the Grievance Office was launched in September 2010 and socialized with more than 2,000 stakeholders during the informative and engagement meetings with communities along the railroad as well as with local officers. The Grievance Office has shown enormous potential as an alternative dispute resolution mechanism and as a constant source of learning about the Company's impacts. During the next month, Cerrejón's Complaints Office will increase its staff to efficiently respond to the complaints presented by employees, contractors, and communities from our area of influence.

### **Sustainable livelihoods**

Five communities, that add approximately 914 people, are currently in process of resettlement, which represents an opportunity to enhance their livelihoods. Our aim is to reach agreements that lead to having sustainable communities. Following the International Finance Corporation's Environmental and Social Performance Standards, in 2010 the social base lines and Resettlement Action Plans (RAP) were done for each community with Social Capital Group's advice.

In January 2011, ten relocation agreements were signed and eight families from Roche moved to the new site, which is fully serviced. Cerrejón is providing technical, economic and psychological assistance for the implementation of productive projects; 5 more families are expected to sign agreements soon. 10 families are yet to sign final relocation agreements. Many of them expressed concern over the future access to land for cattle ranching. Currently Cerrejón provides them with individual access to land through a loan for use contract (commodatum). Although they are not landowners, Cerrejón has offered access to land to those who have interest in cattle ranching. We are aware of the risk that these differences may have on a prolonged and segmented process and therefore we are working to address the specific issues with each family. Communication channels with the community of Roche, their representative groups, and the accompanying institutions are open while working on agreements that will lead to the signing of the accords to move the families as soon as possible, minimize the effects of a temporary division, and achieve the goal of having a unified group at the new site.

The social base lines and the Resettlement Action Plans for the other four communities, Patilla, Chancleta, Tamaquito, and Las Casitas have been completed, and information meetings are underway. While the construction of housing and infrastructure continues in 2011, Cerrejón will carry on developing joint agreements on the impacts caused by resettlement and addressing specific concerns of each family.

### **Tabaco**

The former owners of La Cruz finally handed over the plot to Cerrejón, which will allow the Tabaco reconstruction process to move forward. One key next step is to donate the land to the Hatonuevo municipality. Corpoguajira, the local environmental agency, concluded the environmental studies and presented the new land use plan that was approved by the Hatonuevo Council in November 2010. A big challenge ahead will be the identification of the people that will move to the new area and the land distribution. To date, there are 442 families identified as potential beneficiaries.

Tabaco's symbolic site, that Cerrejón committed to build, will be defined with the community through a participatory process. However, the date for Tabaco's reconstruction still depends on a series of factors that involve several local and regional institutions. It's worth mentioning that Cerrejón committed to building the symbolic site, while local institutions are responsible for the construction of housing and power grids for the community, the water and sewage system and the provision of all necessary equipment for the Community Center. In this sense, the resettlement process and the building of the new town is a direct responsibility of regional and local institutions.

Simultaneously, we continue to work towards strengthening Tabaco's social fabric through collective livelihood initiatives. It is worth noting the Second Meeting of Tabaco members carried out on February 18 and 19 in Riohacha, which was attended by over 239 people including adults, elders, and youth. The meeting aimed to continue helping to restore Tabaco's social fabric; support cattle ranch projects, and attention to elders, among others.

### **Media Luna**

As part of Cerrejón's commitment to reunite the community at Media Luna and to provide better living conditions, Cerrejón developed a project to enhance the homes of the communities living close to Puerto Bolívar. However, it has not been possible to implement this initiative with the community of Kamusuchiwo'u (known as Malla Norte) because of their current land claim. A meeting between the community, national authorities and Cerrejón, which was pending from our

last report, finally took place on March 16. Officers from the Ministry of Interior, Incoder, Ingeominas, the Ombudsman's Office, and the regional and municipal Office of Indigenous Affairs explained to the community the facts regarding the reserve area where the Company operates in Puerto Bolívar. This has allowed resuming relationships between this community and Cerrejón.

We expect to build in the upcoming months a joint agenda to discuss social programs and, in general, develop our Social Engagement Plan in this area.

In the case of the communities from Pioule and Piula, known as Malla Sur, we have made important progress regarding their house enhancement project. There's a consensus among these communities and their traditional authorities on the design concept of the 21 houses and we believe that the construction will begin in the second semester of 2011.

### **Community engagement**

Building on the new community engagement and communication process begun by Cerrejón some years ago, the company developed a five-year Community Engagement Plan Draft (2011-2015) that will be systematically consulted with neighboring communities and authorities. The Plan is backed by new social engagement teams that work along the railroad and Puerto Bolívar, where most of the neighboring communities are Wayúu. The new structure will help to provide a better engagement that responds to the needs and specificities of the communities in these areas.

With this short summary we invite everybody to review the attached tables on the specific advances achieved in each of the recommendations formulated by the independent panel. We will continue to work in order to fulfill these commitments but also to enhance and strengthen the Company's response to our impacts.

Sincerely,



**León Teicher**  
President  
Cerrejón