

Thirteenth progress report on Cerrejón's social commitments following the 2008 Third Party Review

Letter from Roberto Junguito, president of Cerrejón April 30 of 2015

Cerrejón is very pleased to share with our stakeholders this new report on the status of our commitments with the recommendations presented in 2008 by the Third Party Review Panel that evaluated Cerrejón's social performance. It has been seven years of twice-yearly reports in which we have sought to transparently present the goals achieved and the challenges faced to meet our commitments and, fundamentally, attain better relations with our neighbouring communities and contribute to improving their standards of living.

We continue to work on the last three pending projects: improving the dwellings in the communities neighbouring Puerto Bolívar, finalizing the five resettlements, and building the symbolic site on the property where the new Tabaco settlement will be built. Although not completed, we have made progress. Where progress depends on the efforts of third parties, we have tried to reach a consensus among all the parties and have everyone shoulder their responsibilities.

We know that, in addition to the topics described herein, other issues have the attention of communities and other stakeholders. Therefore, our team works continually and resolutely to prevent and mitigate operational impacts and has made significant progress on remediation mechanisms in cases where impacts could not be prevented.

In the same spirit that inspired the request for the Third Party Review Panel and that guided the first reports, we would once again like to present the status of pending projects and to report on relevant events in recent months. We hope this document will be useful for those who wish to better understand our operation and the challenges we face.

La Puente Pit Project

As we stated in the October 2014 report, we are awaiting the decision of the regional environmental authority Corpoguajira on the three pending permits to proceed with the works in the La Puente Pit. This project (part of the company's Integrated Environmental Management Plan) has had approval for the detailed design by the National Agency of Environmental Permitting since June of 2014. It has also passed the prior consultation process in accordance with Colombian legislation and international standards.

Since that approval, we have been socializing the project with many local, regional, national and international actors that encompass State agencies, communities, civil society organizations, environmental groups, human rights groups, news media, and so on. We have presented them all with information on the project and on progress made. Most of these actors have visited the works area and expressed their opinions, concerns, and recommendations. In addition, we have set up a page on our website providing all the project details (<http://www.cerrejon.com/site/english/integrated-operation/engineering-works-at-la-puente-pit.aspx>). We have noted the comments received and we are certain that, once the permits are granted, we will kick off an exemplary project that if carried out will be World-class Colombian engineering conducted in strict social and environmental sustainability compliance. We invite whomever would like more information on the project to contact us.

Support during the department's drought

Due to the continuing drought, we have continued to curtail our own water consumption and to supply water to our most affected neighbouring communities. The figures reported in the last report have increased considerably since the declaration of a state of emergency in 2014, rising to over 10 million litres of water supplied from Cerrejón's water treatment plants at the Mine and at Puerto Bolívar. Furthermore, we have repaired 51 windmill-driven water pumps to draw groundwater, which provide 2.2 million litres of water a day to nearly 7,800 people. We have also drilled a ground well in the municipality of Uribia with a capacity of 20 litres per second.



In addition, we are involved in processes tending to seek greater involvement by the Colombian State in the situation in La Guajira. We hope that the contacts we have made with different central government bodies and the commitments we came away with will very soon result in real, concrete events to benefit the population of La Guajira.

Media Luna

To meet our commitment to improve the conditions of Media Luna dwellings (neighbouring the port), we have begun construction on the first pilot house in the community of Pioula. It is being built with the participation of community members, who received the necessary training from the National Apprenticeship Service (SENA, for its acronym in Spanish). The building was designed jointly with the community and respects the Wayuu style and culture. The house will be ready in June of 2015. At the same time, we are working on the terms of reference to start the tender process for the remaining 20 houses.

Tabaco

Due to the mayor of Hatonuevo's refusal to build the village of Tabaco on the La Cruz property (chosen by the community, purchased by Cerrejón, and donated to the municipality), an alternative closer to the municipality's town centre has been found. This property (called the *Ojo del Medio*) meets the mayor's requirements (who is responsible for the construction of housing and public services) and has the approval of a significant portion of community members. Since the last report, three meetings have been held with the mayor, the community, and Cerrejón to try to reach a new agreement. However, one community group is opposed and insists the reconstruction must take place on the property initially chosen. The current difficulties lie in the lack of consensus on the construction site, which once again distances us from the common goal of reuniting the community. Cerrejón will continue to support this process and organize occasions for dialogue in the hopes of reaching agreements allowing us to fulfil our commitment to build the community centre. In addition, we shall continue to organize the social programs benefiting the Tabaco community.

At the same time, in the Tabaco case, the Colombian Constitutional Court undertook for review a *tutela* action presented in 2014 by the municipal ombudsman of Hatonuevo, which has twice been decided in Cerrejón's favour. The action requests the revocation of Cerrejón's mining license, additional compensation to that received by Tabaco families in 2008, and a retroactive prior consultation with the community. On several occasions, we have presented all the available information and have participated in the meetings and summons for the case. We hold that the arguments presented by the plaintiffs are not valid since Cerrejón complied with regulations in force at the time and provided ample compensation to families. However, we are eagerly awaiting the decision by the Colombian court.

Resettlements

The resettlement processes with the five communities have seen six months of intensive activity with achievements and many challenges. First, we should note the relocation of the first 10 families of Las Casitas to the new settlement, with the remaining four families to follow soon. Talks continue with the other 17 families eligible for relocation as well as with the ineligible families in order to reach agreements and prevent the expropriations now in course.

The title deeds for the *La Liga* property were donated to Tamaquito in February of 2015, making them the legal owners of the 300 hectares where they now live. This is an important step towards their recognition as an indigenous reservation, which would provide significant benefits from the Colombian government. Cerrejón will continue supporting the community in the steps towards that goal.

The resettled families of Chancleta, Patilla, and Roche (with the longest relocation times) continue to work and receive the benefits of the social programs. In the case of Roche, we continue with the situation caused by two families that returned to the site of origin and reject the land they initially chose and that Cerrejón purchased so they could continue their cattle ranching activities. A new option of land meeting their requirements has been offered, but the families have expressed dissatisfaction with the property and, at the time of this report, none of the alternatives offered has been accepted.



Cerrejón

Minería responsable

Our main challenge in these last months has lain with the production projects. Currently, there are 83 projects established by resettled families: 60 projects are active (23 farming and livestock and 37 commercial) and 23 are inactive (10 farming and livestock and 13 commercial) due either to failures or to family inactivity.

In the farming and livestock projects, the main limitation has been access to water. It is important to recall the traditional scarcity of water in La Guajira, added to the consequences of a prolonged drought. We are working on solutions with each resettlement, ranging from the digging of groundwater wells operated by wind or solar power, supplying water from existing wells, and long-term solutions such as installing an uptake at the Ranchería River (awaiting permits from Corpoguajira).

By request of the roundtable of resettlement leaders, a third party review will begin of all the production projects through the *Fundación Guajira Competitiva* (Competitive Guajira Foundation) in order to get recommendations to make necessary changes and adjustments. As in our previous messages, we call on you to understand that the success of the resettlements does not lie solely in the status of the projects (without denying their importance), but also in the combination of opportunities and conditions that impact the welfare of the entire family.

We are aware of the difficulty of these processes, of the differences of each individual in managing and adapting to a new life, and of the high needs and expectations all this generates. We are also aware of the responsible, honest, and committed work of our team. Overcoming failures and learning lessons, this team strives every day to contribute to improving the quality of life of the resettled families and to offering options for a better future, especially for the younger generations.

Please find attached the tables detailing the status of the pending projects. We invite those who would like to comment on this report or on other topics to contact us for a respectful, constructive dialogue.

Yours sincerely,

Roberto Junguito
CEO
Cerrejón