

## **Eighth report on the progress of Cerrejón's social commitments following the 2008 Third Party Review**

**Letter from Roberto Junguito, president of Cerrejón**  
**May 30, 2012**

As the new President of Cerrejón, it is a pleasure for me to present this eighth report on the progress made by Cerrejón over the last sixth months as part of our commitment to the recommendations made by the Third Party Review in 2008 to improve the company's social performance. The regular nature of this report is a reflection of Cerrejón's desire to be a company committed to implementing rigorous social and environmental practices. The progress made over the last four years is notable; progress that can be seen, not merely by reviewing past reports available on our website, but also on the ground, through our daily engagement with the communities around Cerrejón.

Despite continuous progress, it is important to point out that we have challenges ahead. This is evident through the most important ongoing projects we have in hand. We realize that the majority of them are complex and will take time to complete. Amongst these are the resettlement processes that we are involved in with five communities (Roche, Patilla, Chancleta, Tamaquito, and Las Casitas), the projects and activities to reach out to communities around Puerto Bolívar, and the building of a community centre where the municipality of Hatonuevo will rebuild the village of Tabaco. All these are important projects that have required the determined work of a large team of Cerrejón employees and joint work with the communities and local authorities.

We will continue to do our best to keep alive the spirit that the TPR created at Cerrejón. This is to say, we will continue to reflect upon our practices and carry on searching for ways to improve in areas needing it, maintaining our willingness to foster dialogue with our stakeholders, and remaining open to the constructive feedback and recommendations they constantly provide us with.

We are pleased to inform that we have closed the project of updating the information on our resettlements in Cerrejón's web page. The information available consists of videos, fact sheets, and a comparative chart on the stages of each process which will be updated on a regular basis. We hope that this information will be of use to our stakeholders. In the coming months, we will be dedicated to completing the projects of implementing the indicators on human rights training. Despite some steps forward, unfortunately progress has not been at a sufficient pace as to allow this project to be concluded in this report. We hope to be able to provide information on its successful completion in the October report this year.

Below, you will find a short summary on the progress made over recent months, in addition to some of the main challenges we face. In the tables attached is detailed information on the five ongoing projects.

### **Study on social impact and dialogue with communities**

As part of our commitment to the United Nation's Framework *Protect, Respect and Remedy*, in relation to due diligence in human rights, last year we carried out the first integrated study on the social impact of Cerrejón. This year we will implement these recommendations in more depth by planning five meetings with communities in the area of influence in the first half of 2012 with the aim of holding discussions on the actual and perceived impacts on communities. This exercise will help us to strengthen our relations, to promote transparency and dialogue, and to become aware of the opinions of the

communities. Moreover, we will have the opportunity to clarify doubts and to build agreements on the suitable management of the impacts.

### **Complaints Office**

As reported in the past, we maintain our commitment to continue strengthening the Complaints Office. The team on the ground has been increased and is better equipped to respond to complaints from employees, contractors, and communities. One area of focus will be to lower the time it takes to respond to a case, as well to continue with raising public awareness of the office and to make sure investigators and representatives who file complaints are further trained. The aim of this is to ensure high-quality, credible, and legitimate investigations.

To promote the continuous improvement of the office, at the beginning of 2012 we commissioned an external consultancy firm to review the implementation process of this Office. We are currently analysing recommendations put forward to achieve better alignment with the United Nation's Framework *Protect, Respect and Remedy*, and for June 2012 we have organized a series of workshops to improve the technical and investigative skills of the officials involved in investigative processes.

### **Tabaco**

During the middle of last year, Cerrejón acquired ownership of the La Cruz property, where the new symbolic site of Tabaco will be located. Since then it has been necessary to draw up three public deeds for each section of the plot, according to the use to be given to it. Furthermore, it will be necessary to determine the number of houses that can be built on the new site, in accordance with the guidelines established in the municipality's Land Use Plan (EOT, its acronym in Spanish). This procedure has delayed the final granting of the plot to the municipality of Hatonuevo. The process is expected to be completed this year.

Once the legal and administrative processes have been concluded by the local authorities the date for construction can be communicated. It is also worth noting that, under the terms of the agreement, the resettlement and construction of the new village of Tabaco is the direct responsibility of local authorities, which are responsible for building homes for the community, as well as providing supporting utilities (power, water and sewerage) and equipping the community centre.

### **Resettlements**

As we have mentioned in previous reports, we are involved in resettlement processes for the five communities around Cerrejón, following the requirements set out in Performance Standard 5 of the International Finance Corporation. Even though we have achieved significant progress in many of them, there are difficulties that we are determinedly working on.

In the case of the community of Roche, in recent months we have reached agreement with another family which will now move to the new site. This will bring the total of successfully resettled families to 17. Despite holding extensive negotiations with representatives from the eight remaining families, it has not yet been possible to reach an agreement. The negotiations have focused on the provision of land that will allow these families to continue their livestock activity. These families did not own the land they used for cattle grazing in the old Roche, and at any new location grazing on land owned by others would not be possible. Therefore, Cerrejón has been open to finding reasonable alternatives for them to access land to continue cattle raising activities.

Despite this, the mining needs have meant that the plots of land of the old Roche are more and more necessary and consequently Cerrejón has had to present a request for declaration of public use for the

plots at Roche before the Ministry of Mines. Families still to be resettled, as well as stakeholders, have been duly informed of this process, which could end, if an agreement is not reached, in a declaration of expropriation of the land. However, Cerrejón regards this route as a last resort, and remains committed to maintaining talks with the families in the hope of reaching a successful solution for all.

The most significant progress is to be found in the community of Patilla, where 45 out of the 46 families have accepted the move, which is scheduled for May of this year. In the case of Chancleta, the housing construction is expected to be finished in August 2012, which is when the 40 families who have confirmed their wish to move together are expected to begin their collective relocation. In the case of the process for the Tamaquito community, building permission was finally approved by the Mayor's Office of Barrancas and the building of houses is scheduled to begin during the first quarter of 2013. At the same time, progress is being made in agreeing upon the Impact Response Plan.

Lastly, the situation with Las Casitas has come up against various obstacles. On one hand, we have experienced delays in the selection of the company to build the houses and, on the other hand, modification of the Land Use Plan (EOT) has not been granted by the local authority. This modification is necessary to allow works to be carried out on the plot selected by the community. Moreover, since March 2012 all programs that Cerrejón was promoting in this community have been suspended due to the community's desire to review all previous agreements reached, including the criteria established to deem each family as being eligible for resettlement. Since then, Cerrejón has held meetings with the Mayor's Office of Barrancas and the community with the aim of reaching an agreement that would allow these programs to begin again. We will continue to work towards an agreement.

#### **Media Luna**

Due to the progress of construction work in Puerto Bolívar, during the first half of 2012 we began the public announcement of works and we also analysed, with the communities, the possible impact the works may have on the community. At the same time, we have sought out forums for dialogue with the community of Kamusuchiwo in order to agree on the implementation of local social programs in accordance with community interests. Unfortunately, differences persist between the company and the community regarding the land on which they live and therefore we are working to strengthen dialogue and trust with these communities.

Cerrejón's team, together with the support of our shareholders, will continue to work with our local communities towards successfully overcoming these difficulties we jointly face. We will persist in our willingness to hold talks and to listen to members of neighbouring communities. We are aware of the fact that their trust in us, is important for continuing to work in the marvellous region of La Guajira.

Yours sincerely,



**Roberto Junguito**  
President  
Cerrejón