

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

**Letter from Roberto Junguito, president of Cerrejón  
May 9, 2013**

With this publication we complete our tenth continuous report on the progress made in the implementation of the social programs recommended by the Third Party Review in 2008. In these past 5 years we have strengthened our accountability processes with an open attitude towards transparent and constructive dialogue with our stakeholders. Once again we reiterate our commitment to working for the wellbeing of the people neighboring our operation through the implementation of recognized social and environmental standards.

We are pleased to inform that since our last report six months ago we finalized an additional program: the design and implementation of a set of indicators that measure the impact of the human rights training offered to our employees, contractors, and neighbor communities. The results will allow us to refine our training programs, adjust the contents, and redefine the specific audiences in order to ensure better knowledge and performance on human rights.

We continue to work on the last three projects: finalizing the five resettlement processes (Roche, Patilla, Chancleta, Tamaquito, and Las Casitas), the enhancement of the living conditions of the people neighboring Puerto Bolívar, and the construction of the community center in the place where the new Tabaco will be built.

Following is a summary of the most significant events which occurred in the past six months:

**Collective negotiation and strike**

The direct negotiation phase between Cerrejón and the Sintracarbón union that started in December 1, 2012 ended without reaching an agreement over the Collective Bargaining Agreement. The union called the strike on February 7 and lasted 32 days leaving significant consequences for the company, employees, contractors, the local and national economy, as well as for the whole department of La Guajira. Although we expressed at all times that the strike was unnecessary, we always stated our respect to freedom of association, the collective bargaining processes and the employee's right to strike.

Finally, in March 11 we agreed and signed a new 2013-2015 Collective Bargaining Agreement which maintains and in some cases improves the benefits for union members and allowed us to restart operation with respect and harmony. It's worth mentioning that the strike was carried out peacefully without any incidents. In the following months we will continue to analyze the impacts of the strike and we will look for ways that can help us to strengthen constructive relations and enhance our engagement with our employees as well as with other groups involved.

**Social impacts study and dialogue with communities**

In order to enhance our implementation of the *UN Protect, Respect, and Remedy* framework, in 2013 we will carry out four meetings to present the findings of the social impacts assessment that we finalized in 2011. We will continue to use the World Café methodology which promotes the participation of large groups and the collective construction of ideas that can help us identify new impacts as well as their management measures.

### **Complaints Office**

We maintain committed to remedying our impacts through our Complaints Office. Since its launching in September 2010 we have increased staff which now comprises three employees and four contractors, including two Wayuu advisors. We strive daily to comply with the principles that guide the Office and ensure that the process of addressing complaints incorporates permanent dialogue. In early 2013 the Office participated in an independent assessment carried out by *CSR Europe* which conducted a benchmarking study of several companies that resulted in presenting Cerrejón's Complaints Office as the most advanced in the group in the implementation of the UN principles. The results commit us to strengthening our remedy model and will help us to focus on the areas where we can improve our performance.

### **Tabaco**

During this period we finalized the donation of the 14 hectares of the La Cruz plot to the municipality of Hatonuevo for the construction of the dwellings for the new Tabaco. Although the municipality has the responsibility of rebuilding the town, they still need to raise the necessary funds for the construction of the project. We have supported the local authorities to obtain royalty funds for the initial design studies of the project.

In addition, the municipality must request a construction license and define the exact place where the houses and the community services will be located. Once they have reached clarity on this, we will be able to start the design of the symbolic site. The exact date for its construction will depend on obtaining the required license and that the municipality providing services such as water and sewerage systems.

### **Media Luna**

We continue our engagement activities with the communities in Media Luna with the direct engagement and participation of the company's senior management. We have participated in several meetings focused on the implementation of social programs, the assessment of the proposal of a group from this community to handover the land they occupy within Cerrejón's industrial reserve, the analysis of the impacts caused by the works at the port, and Cerrejón's willingness to carry out a prior consultation with the communities. In addition to strengthening the engagement with these communities, in the past six months we have made significant progress in the implementation of our social programs. We wish to highlight that 150 members of the community have been employed by contractors working on the expansion works at Puerto Bolívar, 12 young people who were trained at the National Apprenticeship Service (SENA, for its acronym in Spanish) are now doing their internships in Cerrejón, 31 artisans are participating in handicraft promotion program, 138 people who have been selected to participate in the program to strengthen fisheries will receive new equipment and fishing gear and will receive training on maritime security, and 13 agricultural parcels have been established in order to promote food safety in the region, among others.

On the other hand, the beginning of the works to enhance the houses in the communities of Pioule and Pioula has taken longer than expected due to delays in the response from INCODER (the national agency in charge of the industrial reserve) to our construction authorization request and the analysis of their recommendations. Once this is resolved we will proceed to build the three model houses and reopen the bidding process for the construction of the 18 remaining dwellings.



# Cerrejón

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## Resettlements

As we have informed in the past, our five resettlement processes follow the recommendations of the IFC's social performance standard No. 5.

We continue to provide support to the 17 families already settled in new Roche. They are currently dedicated to the implementation of their productive projects and have seen significant improvements in their quality of life. We continue the negotiations with the 8 remaining families who are undergoing the expropriation process and we agreed with them, also with the participation of national and international NGOs, on adding 45 days to the deadline for an agreement. Due to the stalling of the negotiations during the strike period, we jointly defined a new deadline that ends on mid May 2013. We are hopeful on reaching an agreement with the families that may avoid the expropriation.

As we stated in our last report, all of the 46 families in Patilla are resettled and we are currently working with them in the implementation of the productive and social projects. In the case of Chancleta, 41 out of 56 families have signed relocation agreements and 38 have moved either to the new site or to a temporary housing while their permanent house is defined. We keep our dialogue channels open with the 19 remaining families and we hope to reach a compromise by mid 2013. Regarding the indigenous community of Tamaquito, we have reached a general agreement and we are in the process of closing minor issues that will allow us to conclude the wording of the agreement, its signature and proceed with the relocation. By the date of release of this report we will conclude the construction of the ethnic dwellings for the community. Lastly, regarding Las Casitas, we continue our engagement and dialogue both with the families in favor and those opposing the process, and we make progress in the implementation of social programs.

We hope that this summary, as well as the detailed information available in the tables attached, may allow understanding our efforts in process of finalizing the 24 projects suggested by the Third Party Review. We look forward to the suggestions and comments you may have in order to maintain the dialogue that helps us to enhance our operation and the programs in benefit of La Guajira.

Sincerely,

**Roberto Junguito**  
President  
Cerrejón