

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

**Letter from Roberto Junguito, president of Cerrejón
May 26, 2014**

Once again Cerrejón presents a report to its stakeholders on the status of the pending projects we have as a result of the recommendations of the Third Party Review in 2008. In these six years of reports we have been able to achieve significant advances that allowed us to close 21 out of the 24 projects recommended by the panel members in order to enhance our social performance. As we have mentioned in previous reports, we still have three complex projects unfinished. They are: the construction of the community center at the site where the new Tabaco will be built, the completion of the five current resettlement processes and the enhancement of quality of life of those communities living close to the Port.

In addition to the three pending projects, we acknowledge the challenges faced in other areas and although they are not included in the detailed charts attached, we wish to share information about them in this letter, in order to keep our shareholders informed on the most relevant issues. Below, you will find a summary of the most significant issues occurred in the past months:

Social impacts assessment and community dialogue

Following the recommendations of the UN's *Protect, Respect, and Remedy* framework, we finished the five dialogue sessions on impacts that we had planned to conduct with neighbor communities (Tabaco/Oreganal; Cuestecitas, professionals from Albania/Barrancas/Hatonuevo; professionals from Uribia, and Media Luna). In all of them we used the World Café methodology which promotes dialogue with large groups and helps to construct collective ideas on impacts and identification of possible mitigation measures.

Tabaco

With the donation of the La Cruz plot to the municipality of Hatonuevo concluded in December 2012 we are now working to overcome the restriction caused by the presence of a gas pipe that runs through a part of the plot and that limits an important area of the initial 14 hectares donated by Cerrejón to the municipality. To overcome this unfortunate fact unknown at the time of the purchase, Cerrejón has offered to donate 11 additional hectares adjacent to the plot in order to maintain the area for the new Tabaco. To date, we have fulfilled our commitments of paying the compensations to the residents of Tabaco, buying the plot selected by the community and donating it to the municipality in order for the Mayor's office to develop the reconstruction of the town. The construction of the community center, our commitment in the TPR, as well as the road design and doing the required works on the plots will only be possible when the Mayor's Office initiates the construction.

However, the Mayor of Hatonuevo has publicly expressed his doubts on the possibility of building the new town of Tabaco in the plot selected by the community and bought by Cerrejón. We recognize that this represents an additional delay in the construction of the town and we regret that this will generate additional delays and concerns for the community. The final decision on the location where the new Tabaco will be built must be agreed between the community and the Mayor's Office. Cerrejón will comply with the pending commitments wherever they decide to continue the project. We are awaiting a meeting called by the Mayor of Hatonuevo to make the decision of whether to continue the process in the La Cruz plot or not. We share the frustration over this new delay and we make a call to the Mayor's office to maintain the leadership in the process that cannot be delayed any further. Meanwhile, we continue our support to the social, entrepreneurship, training, access to credit, and culture programs implemented through the Tabaco Network, as well as making efforts to maintain the social cohesion of the community.

Media Luna

In addition to the social investment programs we have in the area of Media Luna, we have made progress in fulfilling the 2012 commitments with the community of Kamusushiw'o. In particular, we concluded the delivery of fishing and safety equipment, and materials to enhance their boats, including new motors. In addition, we offered training on sea food product preparation and sales, concluded studies for the readjustment of the community dock, remodeled the fishermen's community gathering area (*enramada*), contracted young members of the Media Luna community, provided resources to support university students living in different Colombian cities, and enhancement of the community water reservoir.

On the issue of prior consultation, and as mentioned in a previous report, we asked the Ministry of Interior to determine if any community would be impacted by the works intended to enhance the port's capacity. The Ministry visited the area and met with communities from October 13 through 17 and concluded that the additional works at the Port do not generate impacts over communities, and therefore it was not required to develop a prior consultation process.

In regards to the community's request to handover the land they occupy within Cerrejón's industrial reserve, we have contracted a consulting firm that analyzed the industrial reserve area occupied by the company in Puerto Bolívar, as well as the social, environmental, and operational issues in the area. We are currently analyzing the proposal that will allow us to have a final response that would be validated with the Colombian Government and informed to the community of Kamusushiw'o.

Lastly, we have started a pilot project to develop the house enhancement project for the 27 families of the communities of Pioule and Pioula. This project will be implemented with the support of the Cerrejón Foundations. The houses will be built according to their ethnic and cultural traditions. We will begin to build the model house in June 2014.

Resettlements

We are pleased to inform on two important results achieved on the topic of resettlements. First, in August 2013 we concluded the relocation of the whole indigenous community of Tamaquito to their new site. Since then, the families have been adjusting to their new houses and together we have been starting to design the social programs and their productive projects. With the relocation, a new and important stage in the lives of this community begins. We will continue to work with them to make it a fruitful and positive experience. In addition, on October 9th, the 8 remaining families from Roche and Cerrejón reached an agreement for their relocation. After more than ten years of negotiations and after a period of intense dialogue it was possible to sign an agreement that satisfied all parties involved. In March 2014 the last families moved to the new location after implementing the agreement reached in October. We wish to thank the Roche families, Cerrejón employees, and all the national and international organizations that contributed to reach this final agreement that will bring important benefits for the members of these families.

In the case of the community of Patilla, all of its members eligible for relocation have moved to the new site and are currently working on the implementation of their productive projects. In Chanqueta, 46 families have moved to their new house and all of them have started to implement their productive projects. In parallel, we maintain talks with the 10 remaining families.

Last, in the case of Las Casitas, we have reached agreements with 7 of the 31 families that are eligible for relocation. After five years since the beginning of the resettlement process with Las Casitas, we hope to reach agreements with the remaining families very soon as the process has been unduly prolonged in time. Meanwhile, the construction of the houses is moving forward and we expect them to be ready by mid-2014.

By initiative of the resettled communities, we are participating on a weekly meeting to review each of the topics of the relocation agreement. To date, communities and Cerrejón have participated in 11 meetings. The

first topic addressed has been related to education. The second one will be the implementation of income generation projects. This exercise has been positive as it has allowed maintaining good engagement and proper response to details not specified in the general agreement.

It's important to mention as well, that La Guajira is currently experiencing a very severe drought that has affected not only the resettled communities, but the whole population of the department. This has reduced the already scarce water availability in this semiarid area of the country. We've made important efforts to provide support to the local Government authorities in their response to the most strongly affected communities, especially in the Northeast part of La Guajira.

Engagement with communities that inhabited the region in 1980s

We have had several meetings with the organizations that represent the communities that inhabited the area where Cerrejón is located today, most of them are members of the organization known as FECODEMIGUA. We are aware of their needs, similar to those of most of the population from la Guajira, and we recognize that when our operation started we applied the legislation and standards applicable at that moment; different from those that apply today in regards to company behavior and engagement with local communities. In those meetings we have tried to identify and better understand their aspirations and we are willing to an open dialogue with them in order to identify ways in which they can participate in Cerrejón's social programs.

We invite everyone to review the attached charts that have additional details on the status of our TPR commitments. We hope you find this information useful and we appreciate your comments and suggestions on how to do our work better. We'd like to reiterate Cerrejón's commitment to a transparent and constructive dialogue with stakeholders and our assurance that we will continue to work, even during difficult times, in search of the wellbeing and sustainability of La Guajira.

Sincerely,



Roberto Junguito
Presidente
Cerrejón