

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

**Letter from Roberto Junguito, CEO of Cerrejón
October 31 of 2015**

Once again, we present our twice-yearly report on progress in our compliance with the last commitments deriving from the recommendations prepared in 2008 by the Third-Party Review Panel that assessed Cerrejón's social performance. We still have three projects pending conclusion: 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.

As is our custom, in this letter and the appended tables we share the details of the status of each of these projects. We also present certain noteworthy events in our engagement with the communities neighbouring Cerrejón's operations in La Guajira.

Media Luna

In the project for improving the condition of the dwellings in the Media Luna communities, neighbouring the port, we are pleased to report that we have finished construction of the first house in the community of Pioula. It will be handed over to their traditional authority in early November of 2015. We are currently finalizing a tender offer to find a contractor to build the remaining 20 dwellings. Consequently, we hope to be able to conclude this commitment in 2017.



Resettlements

In the last six months, we have made significant progress in the question of the resettlements. We would like to highlight the agreement reached with the two families from the community of Roche who continued to live at the original properties despite having signed an agreement with Cerrejón in 2013 and having received various components of the compensation package.

After 12 years of talks with the community of Roche on their resettlement and given the lack of progress in recent extensive talks with these two families to agree on the land to replace the property they originally chose (La Sorpresa) and later rejected (due to concerns on the availability of water for cattle), it was decided to reactivate the expropriation process of the properties the families were residing at. Although this is *not* Cerrejón's preferred option, it was essential given the urgency of preventing an impact on the air quality at the site of origin. As a result of the agreement, on October 2 the two families voluntarily handed over their properties during the legal proceedings presided by the judge in charge of the case.



The agreement covered the offer of a property with appropriate characteristics for each of the families so that they may continue their ranching activities. A period of 75 days was established to gather the cattle at the original site and move it to the new land.

In the last six months we reached agreements with 13 additional families from Las Casitas, reaching a total of 23 of the 31 families eligible for relocation. Of these, 17 families have already relocated to the new settlement. We continue to talk with the other eight families eligible for relocation as well as with the ineligible rural families in order to reach agreements and prevent the expropriations now in course.

Progress has been made in the community of Tamaquito on the commitments acquired with the community concerning improvements to water access and quality. We have done maintenance to the water treatment plant and made progress in contracting the construction of a pipeline that will connect the new underground well to the plant. The contract with the Colombia National University, third party selected by the community to carry out water quality monitoring, is already operational and they will present the findings of the first assessment carried out. Meanwhile, Cerrejón continues to provide sufficient water for the families by means of a water tanker.

We are still holding talks with the lawyer representing the families from Chancleta and Patilla pending relocation (eligible and ineligible for relocation) progress on an agreement over the number of families to compensate and on the amount. We continue to wait on the results of the judicial ruling that will be issued by Colombia's Constitutional Court.

As stated in previous reports, one of the biggest challenges in the resettled communities has been implementing production projects. In June, we received the study by the Fundación Guajira Competitiva (Competitive Guajira Foundation) to determine along with the resettled Leader's Roundtable on the strategy to be implemented in support of production projects currently implemented. The resulting of the report included strengthen training processes, align strategies with local and regional authorities, and strengthen associative processes. Currently, there are 117 projects established: 97 projects are active (50% farming and livestock and 50% commercial) and 20 are inactive (36% farming and livestock and 64% commercial) due either to failures or to family inactivity.

Since the main problem for the farming and livestock projects has been the limited availability of water, we have been working on the solution suggested consisting of building a water uptake point to collect water from the Ranchería River. The engineering works received the necessary permits from Corpoguajira and will be ready in November.

Tabaco

Unfortunately, in the case of Tabaco, there has been no progress in nearing the construction of the symbolic site (a community centre) in the town to be built by the Hatonuevo Mayor's Office. Due to divisions between community members, Cerrejón has organized and promoted various meetings and assemblies between the community and local authorities so a consensus can be reached to allow the project to advance. In August, elections ratified the representatives for the Tabaco Pro-Relocation Committee. Cerrejón has notified the members of our whole-hearted willingness to continue contributing to decisions leading towards the goal of re-unifying the community.

At the same time, we are awaiting the Constitutional Court's ruling on the *tutela* action filed by the Hatonuevo Ombudsman and the Committee members against Cerrejón's operations. This lawsuit, which has already been ruled twice in the company's favour, seeks a suspension of Cerrejón's license to operate, further compensation for the Tabaco families, and to have the resettlement built by Cerrejón given the inactivity of the local mayor's office.

Despite this delicate situation, progress continues to be made in the implementation of the social programs which include support to income generation projects as well as to education, health, culture, and sports programs.



Engagement with the Wayuu community of Provincial

On September 29, Cerrejón and representatives of the Wayuu indigenous reservation of Provincial signed a conciliation agreement before the Bogotá No. 14 Notary which will benefit the 143 families of this community. This agreement is a result of conciliation talks lasting six months and involving several work sessions and periods of internal reflection on access to land, productive projects, environmental issues and support for education that the Reservation presented to Cerrejón.

The main agreements include the creation of a fund by Cerrejón for acquiring productive land that the reservation will buy; addressing and jointly resolving the differences and the perceptions regarding environmental impacts caused by the company's mining activity; implementation of an environmental education program focused on recycling, reforestation, and use of natural resources, development of workshop on impact management; improving housing and school and quality; implementation of a culture strengthening program that will include planting and harvesting medicine plants and herbs; enhanced engagement; support for access to university or technical studies for 15 community youths. It was agreed, as well, that the engagement between the community and Cerrejón would be more fluid, direct and timely in order to resolve concerns that may arise in the future.

We can only applaud the results reached by the conciliation roundtable through transparent dialogue and good faith. We will put forward our best efforts to comply with each of the commitments acquired in order to advance in building a trust-based relationship.

La Puente Pit Project

In recent months, the regional environmental authority Corpoguajira has granted two of the three pending permits to proceed with the works in the La Puente Pit: the lift of ban of certain species and forestry use. We are still awaiting the decision on the permit for the streambed occupation. As previously stated, this project has been approved by the National Agency of Environmental Permitting and is included in the company's Integrated Environmental Management Plan. Our engagement continues with the indigenous community of Campo Herrera, certified by the Ministry of the Interior, and we maintain continuous dialogues with numerous stakeholders to provide them with details of the project, its impacts, and our proposed management measures. We are available to respond to any concerns that the communities and other stakeholders may have about this initiative.

It's important to mention that despite the low prices of the current coal market which demand companies to implement measure to ensure efficient use of resources, Cerrejón continues to make all possible efforts to maintain its workforce as well as its commitment to the well-being of the people of La Guajira.

We hope the information provided is useful. We look forward to comments and recommendations.

Sincerely yours,

Roberto Junguito

CEO

Cerrejón