

Cerrejón's Social Performance Policy and Framework

Social Performance Policy

Cerrejón's Social Performance Policy is founded on two pillars: (i) that social factors are intrinsic to the company's value generation, and (ii) that we adopt the highest standards when it comes to carrying out our social policies.

Our purpose is to create value, and this is expressed in four essential, non-exclusive and equally important, components. On the one hand, one of the company's objectives is to create **economic value** for its shareholders and, as such, guarantee their support, while also ensuring the viability of the company and allowing it to reach its full potential. At the same time, and equally important, Cerrejón seeks to create **social value**, ensuring the well-being and development of neighbouring communities. Additionally, the company aims to create **environmental value** by protecting the environment and contributing to its sustainability. Lastly, and equally important, Cerrejón strives to create **individual value** for all its collaborators, supporting them in pursuit of their personal aspirations and in return benefiting from their commitment and dedication.

This description of our value generation formula highlights the fact that social value is central to our being and doing. Social factors are not accessory or complementary activities, or something that is subordinate to creating economic value. Creating social value is a priority throughout the company and is always a prominent consideration in all decisions, forming part of the responsibilities within the operation, and is measured and managed like any other operating or financial variable. As part of creating social value, we propose not only identifying, assessing, preventing, mitigating and, where necessary, compensating impacts caused by our operation, but also achieving a strategic and material impact on the well-being and development of neighbouring communities.

To create social value, it is essential to establish a collaborative relationship with the neighbouring communities. It is indispensable to avoid a relationship characterized by confrontation, having a transactional or extortive nature, or based on reaching short-term objectives. On the contrary, our aspiration is to establish a respectful, constructive and transparent relationship with the communities and other stakeholders to achieve a shared vision of the territory that will contribute to the region's development.

The scope of our commitment to creating social value takes into account not only the communities neighbouring our operation, understood as those who by law fall under the concept of direct area of influence, but it extends this to those communities that under objective scientific criteria have been impacted.

This policy is aligned with Colombian legislation and based on our corporate policies, our Social Management System, the Operational Integrity System, standards adopted by the company, our experience, and commitments made by Cerrejón's three shareholders. Cerrejón will apply Colombian law and the standards listed below:

1. The International Finance Corporation (IFC)'s 2012 Performance Standards No. 1, 4, 5, 7 and 8, and Operational Guideline 4.12 on Involuntary Resettlements of the World Bank
2. The Universal Declaration of Human Rights

3. The United Nations Global Compact
4. The Voluntary Principles on Security and Human Rights
5. The United Nations' Guiding Principles on Business and Human Rights
6. The Sustainable Development Framework of the International Council on Mining and Metals (ICMM)
7. The Global Reporting Initiative (GRI)
8. The Extractive Industries Transparency Initiative (EITI)
9. The ICMM position statement on indigenous peoples
10. The United Nations Sustainable Development Goals (SDG)

Social Performance Framework

The commitments described within this framework are applicable throughout the lifespan of our operations, including the stages of project exploration, implementation, active operations, as well as mine closure. It also includes our relationships with business partners and contractors during all these stages.

At Cerrejón, we strive to maintain good engagement and respectful communication with all our stakeholders, to be a good neighbour, to collectively develop solutions to problems and identify development opportunities, and to promote reciprocal behaviour from the communities. To do so, we commit to following the principles below:

- Carrying out all our activities showing respect for the environment and for human rights, recognizing the ethnic and cultural diversity in the region.
- Managing our operations, preventing and mitigating impacts and when necessary compensating for them.
- Contributing to municipal and departmental development plans.
- Contributing to the development of La Guajira and applicable United Nations Sustainable Development Goals as participants in building a shared vision to shape the region's future, and monitoring the effectiveness of our activities.
- Maintaining respectful, transparent engagement based on building trust and capacity strengthening with all our stakeholders.
- Contribute to the economic strengthening of local communities and support the creation of shared value.
- Communicating our scope and progress clearly, efficiently, and in a timely manner so that our stakeholders have the information they need to participate effectively in decision-making.
- Assessing Cerrejón's procedures and standards by means of a company assurance system, which includes self-evaluations and periodic auditing, both internally and independently. Possible gaps identified in these procedures will be reviewed, and once agreed will be incorporated into the company's plans and programs, being considered part of Cerrejón's ongoing internal improvement process.

These principles and the requirements defined below are mandatory for all company employees, regardless of their specific work area and responsibility, as well as for all our contractors.

Our social performance commitments are as follows:

1. Risk and Impact Management

Cerrejón commits to identification and management of the risks and impacts from the operation on employees, contractors, and communities throughout the mining cycle, with the aim of preventing, mitigating and, where necessary, compensating them. Risks and impacts identified will be incorporated in the company's risk management system to ensure proper management and oversight.

Risk and impact analysis shall follow the guidelines of the International Finance Corporation's Performance Standard 1 and the UN guiding Principles on Business and Human Rights.

Cerrejón is committed to carrying out **social impact studies**, on a regular basis, of the integrated operation in alignment with IFC performance standards and to developing management and monitoring plans for all recurring operational activities, in addition to specific studies for each new project.

2. Meaningful Engagement with Stakeholders

Cerrejón is committed to maintaining transparent, participatory, respectful and meaningful engagement with all our stakeholders. The goal here is to develop strong and long-lasting relationships that create a climate of trust and the possibility for collaborative approaches in the territory.

3. Social Performance Strategies

Cerrejón is committed to measuring the results of the **Social Performance Strategy** implemented in the operation's neighbouring communities. The strategy implementation will be monitored, audited and reviewed through the Social Assurance System using key performance and impact indicators to measure the effectiveness and relevance of Cerrejón's intervention in the region. In addition, progress will be measured by periodic perception surveys.

A **Social Management Plan** will be prepared annually, and will include:

- The impact management plan, which aims to develop plans to prevent potential risks and impacts on neighbouring communities.
- The socio-economic development plan, which is designed to develop and implement focalized, high impact and long-term projects to be built in conjunction with neighbouring communities and through partnerships and, to the extent possible, aligned with municipal and departmental development plans. These projects will contribute to the United Nations Sustainable Development Goals that are applicable to the company's operation. Results of these projects will be monitored and measured.
- The Stakeholder Engagement and Communications Plan will identify key stakeholders, with special attention to vulnerable neighbouring communities, and will define the mechanisms to offer timely information and ensure that their views are incorporated into decision-making processes.

4. Resettlement

In line with International Finance Corporation guidelines, Cerrejón will always seek to avoid community resettlement and, when that is not possible, the resettlement shall be carried out in accordance with IFC Performance Standard Nos. 1, 5, 7, and 8 as well as the operational guidelines from the World Bank, and the legal commitments of the Environmental Management Plan (EMP) concerning resettlements.

Cerrejón is committed to carrying out all resettlements in good faith, with participation of the communities involved and with the goal of reaching negotiated agreements that serve to improve the standard of living and quality of life of the affected communities.

In addition, once families are relocated, Cerrejón will conduct periodic measurements contrasted against the social baseline to determine the state of impacts on the families and their quality of life. Information on the evolution of the indicators will be presented periodically to the families and other stakeholders.

5. Complaints and Social Incidents

All petitions, claims and complaints related directly or indirectly to operational impacts shall be received, handled, and classified in a centralized system. All complaints related to impacts from Cerrejón's operation shall be received, investigated and responded to in a timely, effective, participative and respectful manner, in accordance with the criteria established in the UN Guiding Principles on Business and Human Rights.

6. Health, Safety and Security of Communities

As defined in IFC performance standard No. 4, Cerrejón is committed to identifying and assessing any possible situations that may place at risk the health, safety and security of neighbouring communities, including those that may result from the company's operation or from external situations. All social, environmental and human rights impact assessments will consider measures to prevent and mitigate potential risks on the health, safety and security of communities within the area of influence.

In crisis and emergency situations unrelated to Cerrejón's operation, the company will try to provide support to the response whenever possible, recognizing that the primary responsibility belongs to public institutions.

Cerrejón is committed to managing the risks and impacts on neighbouring communities that may derive from agreements and contracts the company undertakes with public security forces and private security companies who carry out actions and lend support to maintain the security of the company's assets and personnel. To do this, Cerrejón will implement the requirements defined in the Voluntary Principles on Security and Human Rights (VPSHR). Cerrejón will also prepare and monitor an annual **VPSHR Implementation Plan** that will be developed by various areas within the company.

7. Indigenous Groups, Afro-descendants and Cultural Heritage

Cerrejón is committed to promoting and maintaining respectful engagement with Indigenous and Afro-descendant communities, recognizing their rights, traditions and customs, preservation of their culture, and the fulfilment of their life plans.

Cerrejón will respect the right to Free, Prior and Informed Consent with Indigenous groups, Afro-descendant and Rom communities by means of prior consultation processes in accordance with national legislation, Colombian jurisprudence, the ICMM position statement on indigenous people and IFC performance standards No. 7 and No. 8.

8. Human Rights

Cerrejón is committed to respecting the human rights of our employees, contractors, and neighbouring communities to our operations, as defined in Cerrejón's Human Rights Policy. The company will undertake due diligence processes to ensure the appropriate identification, management and handling of impacts caused by the operations that could impact human rights. The processes of due diligence in human rights will be aligned with the United Nations Guiding Principles on Business and Human Rights.

Cerrejón will commission independent experts to perform a periodic **Social and Human Rights Risks and Impacts Assessment** to assess potential risks and impacts in order to develop appropriate measures to prevent, mitigate or compensate them.

Cerrejón will have a Complaints Office, in accordance with requirements from the United Nations Guiding Principles on Business and Human Rights, to respond in a timely, transparent and participatory manner to any concern related to the human rights of communities, employees and contractors, and to offer remedial measures when, by means of participatory mechanisms and based on dialogue, the impact is verified.

Any breach of this Human Rights policy should be reported directly or by third parties to the Complaints Office and investigated through this mechanism, documented and, if necessary, reported to the competent authorities and Cerrejón management.

Cerrejón will provide training on human rights to all employees and contractors, especially those responsible for risk management and impact management, and will report on the due diligence process conducted by the company.