

6 July 2010

**Carbones del Cerrejón and CMC- Coal Marketing Company response to report published by DanWatch**

***Our commitment to Responsible Mining***

Cerrejón is committed to responsible mining and we are proud of what we have achieved in the areas of health and safety, the environment and community relations. In 2009 we developed "The Cerrejón Way", our corporate culture model, which has allowed us to improve our social management systems. We are not complacent and welcome openly and immediately any expertise or advice from third parties that we can incorporate into the way we mine and export our coal. NGO oversight is important for continuous improvement and we appreciate recommendations which we believe will enhance the way we do business. However, we are disappointed by DanWatch's report, which is not a true or balanced reflection of our operations - we look forward to a transparent and structured engagement with the organization going forward.

***Managing our impacts on local communities***

The resettlement of communities is a last resort measure. It disrupts the lives of families and generates impacts. Today, there are robust international standards to follow. These are respectful of human rights; allow for a transparent and participatory process whereby communities are consulted in planning and undertaking of resettlements; and provide guidelines for appropriate compensation. Resettlements, especially in developing countries, must turn into sustainable development opportunities and measurably improve the lives of the communities they impact. Cerrejón is facilitating the resettlement of approximately 920 persons from small rural villages and helping them to substantially improve their quality of life. Of these 130 are from Tamaquito. The inhabitants of Tamaquito had asked to be resettled, as its remote location made it difficult for them to build socio-economic relationships with other communities. After assessing the impacts of other resettlements on Tamaquito's social networks, Cerrejón agreed in 2007 to facilitate their resettlement. This process will allow the people of Tamaquito to move closer to others, to have more land – going from 10 hectares, to 300 hectares - and if approved by the Colombian government, become a proper Resguardo (Indigenous Reservation) entitled to state benefits. The independent NGO Indepaz is helping the villages of Tamaquito and Roche to review their process and compensation schemes.

Cerrejón's relations with the Wayuu and other indigenous groups such as the Wiwa and Kogi in La Guajira, has always been peaceful and respectful. The Wayuu is the largest indigenous group in Colombia and though traditionally they have migrated between Colombia and Venezuela making

population statistics fluctuate. Official statistics report that the Wayuu population in La Guajira has grown from 144,003 in 1997 to 265,075 in 2005. Cerrejón has been respectful of the Wayuu culture, and the Foundation for Indigenous Guajira has been implementing a number of social programs to strengthen their cultural identity. More than 3,750 families have benefited so far.

As mentioned in our public reporting on social issues, the communities of Malla Norte and Malla Sur, close to Puerto Bolívar, have important needs. We have coexisted peacefully for several decades and we realize that the community has not have benefited as much as it could have from the coal operation. We are working with the traditional authorities, other community leaders and local authorities to help these communities fully realise their rights and improve the quality of their livelihoods beyond our mining concession.

We strongly reject DanWatch's implication that Cerrejón has not complied with ILO Convention 169 of 1989. Under Colombian law and current international best practice consultations are used to identify, prevent and mitigate potential impacts of new projects. Cerrejón has never omitted consultation processes when required. The company is committed to conducting free prior informed consultations according to international standards and abiding by Colombian legal requirements.

Reuniting the divided community of Tabaco is hugely important to us. In December 2008, Cerrejón reached an agreement with the Tabaco Relocation Committee to: buy a plot of land to be given to the municipality of Hatonuevo for the purpose of reconstructing Tabaco; build a community centre; deliver the initial engineering works to build the new village; fund socio-economic projects and pay new compensation to all community members following agreed criteria. Today, the community, the municipality of Hatonuevo and Cerrejón have a working group which is steering the administrative and legal process required to build Tabaco. Cerrejón bought the land this year and we are all awaiting the town council's approval, following the normal democratic process, of the new urban plan which will allow us to go ahead with our subsequent commitments. Key steps which will define reconstruction timings are related to the community's own decisions on how to allocate plots and rebuild social fabric and depend also on the administrative and legal steps required by local authorities to build the town. Tabaco and Cerrejón are working together to encourage authorities to be responsive. We believe the Hatonuevo municipality is being very cooperative. The state eviction of the six remaining families from Tabaco nine years ago was a lamentable episode. It is regrettable that local police used force to remove these families. Cerrejón has been working with various stakeholders to promote peaceful conflict resolution.

### ***Monitoring air quality***

We measure in minute detail everything we do: whether it is water quality, air quality, or the effect of our operation on plant life in the port area, along the railroad and in the mine itself.

Cerrejón is consistently audited by Colombian agencies, independent environmental organisations, international certifying bodies, our clients and our three shareholders. The company has become a national reference for best practices in dust control. An Air Quality Monitoring Network Supervisory Committee composed of community leaders, environmental and health authorities and Cerrejón meet periodically to review results. Dust concentration emissions, generated by the handling and transportation of rock, soil and coal are below national and international legal limits. These limits are intended to protect the health of people. Close to the mine, the Barrancas monitor registered as of June 2010 an average of 40µg/m<sup>3</sup> for PM10 (particulate matter) and 77µg/m<sup>3</sup> for TSP. National legal limit allows for 60µg/m<sup>3</sup> for PM10 and 100µg/m<sup>3</sup> for TSPs (total suspended particulate matter). The international legal limit for PM10 is at 50µg/m<sup>3</sup>.

Using a fleet of 23 tankers, we spray approximately 130 kilometres of roads at the mine using mostly rainwater. Workers in production areas use masks and operate in sealed air-conditioned truck cabins. Our Occupational Health Division regularly monitors the health of employees to detect potential problems. In 28 years of operation, one employee has been reported with a work-related respiratory illness in 2002. Cerrejón also supports local health programs enabling hospitals to conduct regular checks on communities. So far, there have been no cases of community illnesses related to the mine. Health trends are similar to other rural places of Colombia. We are aware, however, that many community members lack information on environmental impacts and controls. We are hosting weekly community visits to the mine to answer questions and address concerns. Engagement has improved people's understanding of real and perceived impacts by our operations.

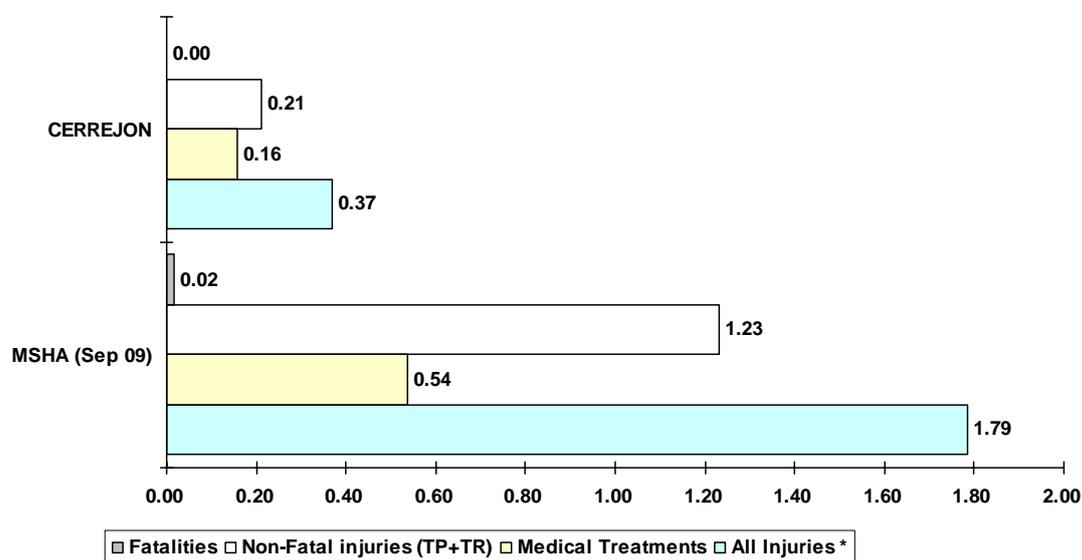
### ***Supporting our workforce***

Cerrejón takes labour rights and the health of its employees and contractors very seriously. In 2008, Cerrejón had 5,116 direct employees and 4,125 contractors and in 2009 it had 5,119 direct employees and 3,981 contractors. About 60% of the workforce is from La Guajira. Historically, we have had a good relationship with the labour union. Our respect to freedom of association is an example for others in Colombia and around the world: 78.74% of the technical workforce (4,230) is affiliated to Sintracarbón and 100% of all workers receive the benefits attributed from the

negotiations between Sintracarbón and Cerrejón. Colombia’s minimum wage is US\$260 per month. The average wage of a Cerrejón worker is 4.5 times the minimum wage. On top of their wage, they receive other benefits and bonuses which raise the average total income to more than 10 times the minimum wage.

The safety of our workforce is of utmost importance to Cerrejón. Cerrejón is effectively one the safest mines in the world as demonstrated in the following chart.

**Cerrejón vs. Mines in USA 2009 - Comparison of Safety Statistics**



Indices on the base of 200.000 man hours worked.

\*Excluding First Aid

Source: [www.msha.gov](http://www.msha.gov), Mine Safety and Health Administration (MSHA), United States Department of Labour, accessed on February, 2010.

Following the 2009 study of two workers in the Maintenance Shop, in which it was claimed that they were lead poisoned, Cerrejón carried out extensive investigation and found no conclusive results on the sources of lead poisoning. This was supported by studies carried out in April 2010 by national and internationally certified laboratories on a total of 303 employees who were analyzed for this study and all results were negative for blood lead levels. Furthermore, our Occupational Health Division has embarked upon a program to investigate the use and potential exposure of

employees to chemicals risks. This aggressive risk assessment is part of an integrated chemical risks management plan agreed between Cerrejón and Sintracarbón in 2010.

Cerrejón is honoured to be able to count itself as part of a select number of companies acting world-wide, that have taken on the task to pilot the Grievance Management Principles as developed under the Mandate of UN Special Representative on Business and Human Rights, Professor John Ruggie. We are looking forward to the collective conclusions once the pilot ends in early 2011.

We would like to take this opportunity to commend the Business and Human Rights Resource Centre team for their reporting ethics and standards, creating an open forum for positive, constructive progress in issues pertaining to human rights and the adoption and sharing of best practices in society. As an active participant in this forum, we are eager to enter into open dialogue with stakeholders, be they from government, private sector or civil society.

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*\* Carbones del Cerrejón and CMC- Coal Marketing Company are sister companies, owned in equal parts by the same three shareholders: AngloAmerican, BHPBilliton and Xstrata.*