



**Independent Review Report on Progress in the
Implementation of the Third Party Review
Recommendations**

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Prepared for:

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INDEPENDENT REVIEW REPORT ON PROGRESS IN THE IMPLEMENTATION OF THE THIRD PARTY REVIEW

1 INTRODUCTION

The framework of this report is the implementation process of the recommendations made by the International Panel of Experts of the Third Party Review (TPR) by Carbones del Cerrejón, as well as the framework of commitments assumed by the company's new administration for improving its Corporate Social Responsibility policies and actions.

As part of the process of improvement in its Social Responsibility policies and actions, the company requested Social Capital Group, an organization selected by the Panel of Experts to implement the Third Party Review's field work, to review the progress made by Cerrejón during the last year, in order to identify the main accomplishments, trends and opportunities for improvement in the company's performance. To this end, the company has provided Social Capital Group the cooperation necessary to access all information and relevant stakeholders, as well as the power to freely express the opinions and recommendations considered necessary to contribute to a management improvement process.

Considering that the process of implementing the TPR's recommendations is still in the early stages, this review does not represent an evaluation of results and impacts.

This document presents the main accomplishments identified by the review in each of the key implementation issues of the TPR recommendations, making comments that might contribute to the internal follow up and management adjustments processes necessary to ensure appropriate direction, rhythms and tools used in the implementation of the plans and commitments assumed by the company.

2 MAIN RESULTS OF THE REVIEW

2.1 CERREJÓN CORPORATE CULTURE

	TPR RECOMMENDATIONS	COMPANY RESPONSE
1	THE TPR RECOMMENDED THAT CERREJÓN DEVELOP ITS OWN CORPORATE CULTURE TO DIFFERENTIATE ITSELF FROM ANTECEDENT COMPANIES (EXXON AND INTERCOR). THIS NEW IMAGE AND CORPORATE CULTURE SHOULD BE BUILT ON	DEVELOPING AN OPERATIONAL CULTURE THAT GIVES PRIORITY TO ITS INTERACTION WITH STAKEHOLDERS, FOR WHICH IT WOULD DEVELOP A STATEMENT OF ITS CULTURE AND VALUES THAT WILL BE COMMUNICATED TO ALL EMPLOYEES AND STAKEHOLDERS.

BOTH THE COMPANY'S INTERESTS AND THE INTERESTS OF THE LOCAL COMMUNITIES IN LA GUAJIRA.

- 2 THE TPR RECOMMENDED IT INITIATE TRAINING PLANS THAT INITIATE AN INTERNAL TRAINING CONTRIBUTE TO THE PROCESS AIMED AT TRANSFORMATION OF CERREJÓN'S TRANSFORMING THE OPERATING OPERATING CULTURE AND CULTURE OF THE COMPANY, COMMUNICATE ITS RESULTS. AND PUBLICLY PUBLISHING ITS PROGRESS.

Progress: Cerrejón's top management and relevant staff held discussions to prepare a general statement on values and key priority areas in Corporate Social Responsibility. Between October and November 2008, they produced a document containing 11 principles or "Commandments" and a set of priority topics. The purpose of this statement of values and objectives is to promote a new organizational structure that has been called the "Cerrejón Way".

Based on this declaration a plan for corporate culture transformation has been prepared. It includes a workshop for high-level management, two workshops for mid-level management and thirty workshops for employees (with expected coverage of 5000 employees) that should be completed in 2010.

Regarding Recommendation 2, training programs on international standards have begun for personnel in the social and operations departments. Concurrently, in February 2009, an improvement and revisions process began of concepts, tools, procedures and organization used by the company in its Social Responsibility and Community Engagement functions. In 2009 should conclude the preparation of concepts and articulation of new company social management plans and systems.

Comments: Cerrejón's top management has shown direct commitment to initiate the corporate cultural transformation process investing important human and financial resources, with the company President personally reinforcing discussions and the follow up processes. Key issues prioritized, the generation of trust through dialogue and participation, as well as preventing and managing social impacts by adhering to the best international practices and standards, are appropriate for an effective and continuous improvement of the Corporate Social Responsibility actions and processes.

However, in terms of content, in addition to stating the general values and principles of the new organization culture, it is important to develop processes that allow identifying and reinforcing concrete conducts and practices (codes of conduct, programs, procedures, incentives, among other instruments).

Regarding methodology, in addition to the 2009-2010 training plan about the Cerrejón Way, it is important to consider permanent awareness-raising and training mechanisms, review of practices, conducts and procedures, that cover all company departments and have follow up and assessment processes that ensure implementation that is effective and sustainable in time.

2.2 SOCIAL MANAGEMENT

TPR RECOMMENDATIONS	COMPANY RESPONSE
3 THE TPR RECOMMENDS THAT THE COMPANY REDESIGN ITS TOOLS AND PROCESSES TO ADEQUATELY MANAGE SOCIAL IMPACTS IN ITS ENVIRONMENT.	ASSEMBLE A NEW MANAGEMENT TEAM TO ADDRESS AND IMPROVE ALL ASPECTS OF THE COMPANY'S SOCIAL PROGRAMS, COMPRISED OF PEOPLE MORE COMMITED WITH THE COMMUNITY AND CONTINUOUSLY CONSULTING WITH THE COMMUNITIES TO ENSURE THAT THE INFORMATION AND OPPORTUNITIES PROVIDED ARE APPROPRIATE FOR THE LOCAL NEEDS.
4 THE TPR RECOMMENDED THAT CERREJÓN IMPLEMENT A SOCIAL ENGAGEMENT APPROACH WITH THE LOCAL COMMUNITIES THAT GOES BEYOND THE MERE COMPLIANCE OF LEGAL RESPONSIBILITIES AND ALLOWS A TRUST-BUILDING PROCESS BETWEEN THE COMPANY AND ITS LOCAL STAKEHOLDERS.	IMPLEMENTING A NEW APPROACH BASED ON INTERNATIONAL STANDARDS THAT ESTABLISHES FORMAL COMMITMENT PROGRAMS TO IMPROVE AND SHAPE THE ACCOMPLISHMENT OF COMMON GOALS IN SOCIAL DEVELOPMENT.

Progress: In the last year Cerrejón has complied with its commitment to reorganize its community engagement structures, functions and approach. The focus and functions of the old Communities and Land Division have been restructured as well as its functional relations and reporting within the company organization chart. These changes have hierarchically elevated the level of social management within the company and more directly connected social management in the field with Cerrejón's central management.

As of January 2009, the company president created the Social Responsibility and Public Affairs Department at a vice-presidency level. The new design articulates key communications, community engagement, Human Rights and operations safety functions, and would enable the overcoming of many difficulties in horizontal and vertical coordination for better managing social impacts and promoting more effective social responsibility strategies. New management and operations staff has been hired who have national and

international experience on these matters, and the social department team has been reinforced with training and external technical assistance.

As from April 2009, the new Social Responsibility Department has begun a review of its concepts, criteria, tools and programs and will provide the company with a Community Relations Strategic Plan in the coming months.

Comments: These organization and program restructuring processes are still in the initial stages and probably more efforts will be required to redefine the social management approaches as well as the specialization of functions within the social department. To guarantee the success of the new strategies it will be necessary to attain important alignment and coordination levels with other operating and company support areas during the coming months.

2.3 RESETTLEMENTS AND TABACO

TPR RECOMMENDATIONS	COMPANY RESPONSE
<p>5 THE TPR RECOMMENDED THAT CERREJÓN REALIZE THERE MAY BE HOLD-OVER ISSUES FROM EARLIER RESETTLEMENT EFFORTS REQUIRING COMPREHENSIVE AND PLANNED ACTIONS TO PROVIDE FINAL SOLUTION TO THE DIFFICULTIES EXPERIENCED BY THE POPULATIONS INVOLVED. IT WAS PROPOSED THAT CERREJÓN ADDRESS THE SITUATION OF ALL THE TABACO FAMILIES, REGARDLESS OF THEIR STANCE ON NEGOTIATION IN 2002, AND TO DEVELOP A FULLY PARTICIPATORY CONSULTATION PROCESS INVOLVING ALL STAKEHOLDERS.</p>	<p>REVIEW THE GENERAL APPROACH TO RESETTLEMENT, DEVELOPING A CLEAR TIMEFRAME FOR CONSULTATION WITH THE AFFECTED COMMUNITIES. RECOGNIZE THE NEED TO HAVE CONVERSATIONS WITH THE TABACO RELOCATION COMMITTEE (TRC) TO DISCUSS THE TPR RECOMMENDATIONS, INCORPORATING A FACILITATOR MUTUALLY AGREED-UPOB BY ALL PARTIES AND ESTABLISH REASONABLE AND CLEAR TIMEFRAMES TO RESOLVE THE MAIN OUTSTANDNG ISSUES WITH THE FORMER TABACO RESIDENTS, TRYING TO UPHOLD THE TPR'S RECOMMENDATION OF MAKING THE PENDING COMPENSATION PAYMENTS.</p>

Progress: The company implemented a negotiation process with the former Tabaco residents that concluded in December 2008 with the signing of an agreement for a final solution to the conflict sustained since 2001. The dialogue process between January and December 2008, as well as the principles and criteria upon which the agreements reached were constructed, have characteristics that make this agreement an interesting example of good practices and procedures.

The company and former Tabaco residents began the process on the basis of trust by proposing an open debate that did not exclude issues and possible options, and agreed to have as an independent external facilitator, the former president of the TPR Panel. Principles and procedures were agreed that allowed analyzing and categorizing all the cases of the former resettlement, evaluating the proportional value of the affectations (including consensus on valuation of moral and immaterial impacts), and awarding compensations and indemnities based on clear, accurate, and equitable criteria.

Also worth mentioning is the responsibility with which the company assumed the spirit of the agreement, by extending its benefits to other former Tabaco residents not represented in the process of preparation and signature of the document. During the first quarter of 2009, an open calling was made for all former residents to present their cases. Even those Tabaco families who sold properties prior to 2001 shall receive complementary indemnities, if in the past they received less compensation than that currently awarded, according to criteria of proportionality and equity defined by the agreement.

Comments: Even though in the first months of 2009 almost 100% of the monetary indemnities and compensations have been disbursed, a large part of the beneficiaries does not accurately understand the criteria and details relative to implementation of the agreement. This misinformation is due to internal communication problems between the families and their formal representatives in the negotiation, in addition to the lack of more direct relations mechanisms by the company with each and every one of those represented.

Among the main problems in understanding the agreement, there are still doubts about the proportional assignment of the compensation amounts and the lack of clarity regarding the timeframes and steps to follow in the land purchasing processes, construction of the new populated center, and implementation of productive projects established in the agreement. These doubts have given rise to rumors and misinformation, and pose a potential risk of mistrust about the proper implementation of the agreement among its direct beneficiaries and among other stakeholders.

During the coming weeks and months it will be important to strengthen the information and consultation processes that enable in each and every one of the Tabaco community families a better understanding of the implementation process to generate a climate of trust and cooperation that guarantees success of the agreement as a final solution to this prolonged controversy.

	TPR RECOMMENDATIONS	COMPANY RESPONSE
6	THE TPR EMPHASIZED TO THE COMPANY THAT ALL THOSE INVOLVED SHOULD FOCUS ON THE DIVIDED COMMUNITIES SO THAT THEY CAN BENEFIT IN THE	THE COMPANY SUPPORTS THE TPR'S SUGGESTION OF IMPLEMENTING A SYMBOLIC RECONSTRUCTION INITIATIVE THAT CONTRIBUTES TO THE TABACO COMMUNITY'S

BEST WAY POSSIBLE POSITIVE IMPACTS OF THE CERREJÓN OPERATIONS. THE IDENTIFICATION AND STRENGTHENING. IT WILL WORK WITH ALL FORMER TABACO RESIDENTS TO DETERMINE WHAT ACTION WOULD BE MOST RELEVANT AND VALUED BY THE COMMUNITY. CONTINUE IMPLEMENTATION OF THE TABACO NETWORK DEVELOPMENT FUNDS AND PROGRAMS.

Progress: The agreement reached with the former Tabaco residents includes the purchase of lands and preparation for construction of a site that symbolizes the reconstruction of the former town of Tabaco. Such lands have been identified and progress has been made in the purchasing process. Coordination is underway with local authorities to conclude the proceedings required for servicing the land for urban residential use and, with the beneficiaries, the participatory and final determination of the construction site, which is expected to take place in 2010.

Progress has been made this year in the execution stage of two thirds of the productive, education, and cultural projects prepared by the Tabaco Endogenous Network. The remaining projects are being assessed by specialized institutions to then move into implementation during 2009. Incorporation of new participants and projects is expected to begin in June 2009.

Comments: Members and coordinators of the Tabaco Network have expressed interest to participate in the implementation process of the agreement between the company and other former Tabaco residents, contributing their experience in project design and coordination. This initiative is an additional opportunity to promote rapprochement, and symbolic and concrete integration between the different family groups of the former Tabaco community.

	TPR RECOMMENDATIONS	COMPANY RESPONSE
7	THE TPR RECOMMENDED THAT RESETTLEMENT PROCESSES BASED ON INTERNATIONAL STANDARDS SHOULD BE TRIGGERED NOT ONLY WHEN PHYSICAL RESETTLEMENT IS REQUIRED, BUT ALSO WHEN A COMMUNITY IS AFFECTED BY THE VERY PROXIMITY OF MINING OPERATIONS.	THE COMPANY ACKNOWLEDGES THIS RECOMMENDATION AND CONSIDERS THAT A COMMUNITY CAN BE RESETTLED WHEN CERTAIN DIRECT IMPACTS OF THE MINING OPERATIONS ARE PRESENT. THIS CONSIDERATION HAS BEEN INCORPORATED IN THE COMPANY RESETTLEMENT PRINCIPLES.
8	IT WAS SPECIFIED THAT CERREJÓN MUST ADOPT A	

- BROADER DEFINITION OF "AFFECTED COMMUNITY" AS A BASIS OF ITS APPROACH TO BOTH RESETTLEMENT AND GOOD NEIGHBORLINESS, INCLUDING HOW IT DEALS WITH COMMUNITIES WHO ARE "AFFECTED" BUT NOT "DISPLACED".
- 9 CERREJÓN SHOULD VIEW PAST RESETTLEMENTS AS "LIABILITIES" AND NEEDS TO ADDRESS THEM THROUGH A NEW APPROACH THAT EMPHASIZES THE NEED FOR CLEAR CONSULTATION AND NEGOTIATION PRACTICES AND STRATEGIES. THE COMPANY TAKES INTO ACCOUNT THIS RECOMMENDATION IN ORDER TO STRENGTHEN THE RESETTLEMENT PROCESSES AND HAS REVISED ITS APPROACHES TO INCORPORATE TPR RECOMMENDATIONS.

Progress: The company established as a goal the task of reviewing and revising its past resettlement approaches and policies, developing with the affected populations the timetables and plans for their resettlement, and developing appropriate indicators to measure the current standard of living of the communities and contribute to their improvement.

Regarding its resettlement policies, Cerrejón says that it is currently implementing processes in accordance with World Bank and IFC guidelines. Overall, the currently ongoing processes adequately follow IFC performance guidelines referring to Involuntary Resettlement, which implicate a series of information, participation, diagnosis, planning and implementation stages and steps, and are involving the population in a dialogued and documented process.

Resettlement timetables for each community have been prepared and widely communicated, and such timetables provide orientation on the process' progress. Between August 2008 and February 2009, the consultancy concluded for the preparation of the standard of living indicators of the populations to be resettled; an update of the baselines according to the new methodologies is expected in the coming months.

The company has also expanded its criteria for defining the affectation of a community, and the more direct involvement with the Tamaquito relocation process in 2008 evidences the decision to generate support measures to communities indirectly impacted by the on-going resettlement processes.

The process and signing of the agreement with the former Tabaco residents, plus the progresses of the Endogenous Tabaco Network and Oreganal Round Table, are evidence of the company's will to assume past resettlements as

liabilities to be managed. The agreement has also contributed to standardize the principles and criteria that govern current resettlements and will guide any possible future resettlement process.

Comments: Representatives of the resettling communities have stated they have voiced certain discontent about the resettlement timetables, which in their opinion, have not been properly attended to. In any case, they recognize they are the basis of their coordination processes with the company, although they state concern for possible delays in the timely development of certain stages of these timetables, since these villages expect to conclude their resettlements as soon as possible.

In order to determine a clear and accurate determination of future impact prevention and management measures in the neighboring communities, there might still be a need to streamline the application of the social impact criteria that define the areas of direct and indirect influence of company operations. It would also be important to further improve the bi-directional information, consultation and communication mechanisms between the company and communities, to strengthen trust and coordination of resettlement and post-resettlement procedures.

2.4 THE CERREJÓN FOUNDATION SYSTEM

	TPR RECOMMENDATIONS	COMPANY RESPONSE
10	THE TPR RECOMMENDED THAT THE COMPANY EXPLORE HOW TO HARNESS ITS ROLE AND CAPACITY TO CONTRIBUTE TO LA GUAJIRA SUSTAINABLE AND EQUITABLE SOCIOECONOMIC DEVELOPMENT.	THE COMPANY HAS ACKNOWLEDGED THE VALUE OF THE RECOMMENDATION AND HAS BEGUN A PROCESS TO STRENGTHEN ITS SOCIAL RESPONSIBILITY ACTIONS FOR THE LONG-TERM BENEFIT OF THE COMMUNITIES AND PEOPLE OF LA GUAJIRA.
11	THE TPR RECOMMENDED THAT EACH FOUNDATION'S STRATEGIC OBJECTIVES AND SPECIFIC ACTIVITIES NEED TO BE DEVELOPED THROUGH AN EXTENSIVE AND PARTICIPATORY CONSULTATION PROCESS WITH RELEVANT STAKEHOLDERS DISSEMINATING AND PUBLISHING SUCH GUIDELINES AS A MEANS OF PROVIDING A CLEAR IDEA OF THE PURPOSE AND SCOPES OF THE FOUNDATION SYSTEM.	CERREJÓN WILL WORK WITH THE RELEVANT STAKEHOLDERS TO DEVELOP THE STRATEGIC OBJECTIVES AND ACTIVITIES OF EACH FOUNDATION. ANNUAL PROGRESS ON THIS MATTER WILL BE PUBLISHED THROUGH THE CERREJÓN SUSTAINABILITY REPORT.
12	THE TPR POINTED OUT THE NEED TO STRENGTHEN AND MAKE EXPLICIT THE	CERREJÓN ACKNOWLEDGES THAT GOOD GOVERNANCE OF THE FOUNDATIONS GUARANTEES THEIR

INDEPENDENCE OF THE FOUNDATIONS IN ORDER TO BE RECOGNIZED AS A PROPERLY INFORMED ORGANIZATION, DIRECTED BY PERSONNEL SUFFICIENTLY EXPERIENCED AND INDEPENDENT TO ATTAIN THEIR OBJECTIVES.

LONG-TERM SUCCESS AND THE TPR RECOMMENDATIONS WILL GUIDE THE DEVELOPMENT OF THEIR APPROACHES. THE BEST EFFORTS HAVE BEEN EMPLOYED TO SELECT HIGH CALIBER EXECUTIVES TO DIRECT THE FOUNDATIONS, SELECTED FOR THEIR EXPERIENCE, KNOWLEDGE AND MANAGEMENT SKILLS. APPOINT HIGH CALIBRE DIRECTORS FOR EACH FOUNDATION.

Progress: Cerrejón has advanced significantly in strengthening its Social Responsibility strategy by focusing on four specific lines of action aimed at key issues for sustainable and equitable development of La Guajira: care, supply, distribution and treatment of water in the Department; sustained improvement of the quality of life (nutrition, health, education and productive development) of the region's indigenous populations; creation and consolidation of economic businesses and activities alternative to the extracting industry; strengthening skills for the institutional management of public policies and processes for sustainable development by the region's authorities and organizations.

The specific objectives of each foundation were prepared taking into account the opinion of varied stakeholders relevant to each of their missions, and board members were appointed based on personalities and specialists recognized in their specific areas of intervention. The company has also assigned a budget to support the initial implementation of the four functions, with the assignment that in two-years these organizations must develop their own financial and operating autonomy. Some of them have started to develop cooperation and service provision mechanisms that seek to attain this autonomy and sustainability in the medium-term.

During the first year of installation and operation, the different foundations have started developing pilot projects and defining lines of intervention. In certain cases and specific projects, some cases of cooperation and technical complementation between some of the foundations have been the outcome and their initial results are starting to position these foundations as technical references before other institutions, beneficiaries and stakeholders. Also, being developed are studies and experiences that demonstrate important potential in the foundations for generating and systematizing knowledge, a function that could become one of the major contributions of value to the sustainable development of La Guajira.

Comments: Due to the strong initial financial dependence on the company, the foundations' first experiences and pilots are being implemented within the company's areas of influence. These experiences are expected to expand to other areas in La Guajira as larger financial and operations capabilities are developed, and the foundations' objectives and strategic lines become more accurate.

Despite the initiatives for coordinated concerted interventions between certain foundations, the need exists to further formalize coordination procedures between the four institutions and between the institutions and the company’s Social Responsibility department to avoid duplicating efforts and maximize synergies between objectives and interventions. It is also important to intensify and diversify the information and consultation processes with the populations in the area of influence, many of which still don’t know or clearly understand the nature and objectives of the new foundations.

2.5 ENGAGEMENT WITH CIVIL SOCIETY

TPR RECOMMENDATIONS	COMPANY RESPONSE
13 CERREJÓN SHOULD INCREASE EFFORTS TO ENCOURAGE AND INVOLVE CIVIL SOCIETY ORGANIZATIONS, COLOMBIAN AND INTERNATIONAL DEVELOPMENT ORGANIZATIONS, DONOR GOVERNMENTS AND INTERNATIONAL INSTITUTIONS.	CERREJÓN AGREES WITH THIS RECOMMENDATION FROM THE PANEL AND SUGGESTS ORGANIZING A FORUM FOR REGIONAL DEVELOPMENT INVITING ADDITIONAL CIVIL SOCIETY GROUPS, GOVERNMENT AND OTHER COMPANY REPRESENTATIVES, TO PARTICIPATE IN DEVELOPING JOINT STRATEGIES AND ACTION PLANS.

Progress: During 2008, Cerrejón began a process of identifying and getting close to institutions and organizations that could be strategic partners for its social responsibility management’s internal strengthening processes (Harvard University to improve complaint and controversy management processes, for example) or to design and implement sustainable development strategies in La Guajira (NGOs and international experts in security standards and HRRR, national grocery store chains for agribusiness projects, authorities, multinational organizations, international cooperation agencies, among others).

In consultation with the potential partners and stakeholders, the company is coordinating preparation of a Regional Development Forum that will take place in the third quarter of 2009, where strategies will be presented and discussed in order to reach agreements for the implementation of joint programs and interventions for the coming months and years.

Comments: The date of the Forum has been postponed but it is expected that the additional coordination time will allow greater development of the proposals and strategies to be proposed and discussed. It is important that guidelines be proposed for the steps to follow post-Forum in order to ensure the follow up of results.

2.6 THE WAYUU – CULTURE AND EMPLOYMENT

TPR RECOMMENDATIONS	COMPANY RESPONSE
14 THE TPR RECOMMENDD THAT THE FOCUS OF COMPANY SOCIAL RESPONSIBILITY PRACTICES SHOULD BE ADDRESSING THE FACT THAT THE WAYUU HAVE BENEFITED THE LEAST FROM THE COMPANY'S PRESENCE, WHILE BEING THE MOST VULNERABLE AND MOST IMPACTED SEGMENT OF THE LOCAL POPULATION.	CERREJÓN ACKNOWLEDGES THAT THE WAYUU ARE A PARTICULARLY VULNERABLE SECTOR OF THE POPULATION AND TO DATE HAVE NOT BENEFITED TO THE SAME EXTENT AS OTHER GROUPS, AND AGREES THAT THERE IS A NEED FOR THIS GROUP TO BE THE CENTRAL ELEMENT OF THE COMPANY'S SOCIAL RESPONSIBILITY PRACTICES. TO THIS END, THE FOUNDATIONS FOR INDIGENOUS GUAJIRA AND FOR PROGRESS WILL DEVELOP A SPECIAL EDUCATION AND TRAINING PROGRAM, BUILDING ON EXISTING EFFORTS AND DESIGNING PROJECTS IN CONSULTATION WITH THE WAYUU COMMUNITIES, THE GOVERNMENT, NGOS AND OTHER DEVELOPMENT AGENTS THAT OPERATE IN THE REGION. THIS PROGRAM WILL BE PRESENTED AND DISCUSSED AT THE REGIONAL FORUM ORGANIZED BY CERREJÓN.

Progress: Through the Cerrejón Foundation for Indigenous Guajira, the company has carried out important studies and pilot programs in coordination with other institutions, including other foundations in the system. The lines of social development aimed at the Wayuu that have been implemented in this initial stage include supporting the local public institutions in preparing the so called "Planes Integrales de Vida" that must articulate the indigenous communities' objectives and interests with the municipal and provincial development plans.

Studies have begun on key problems that affect the quality of life and security of the Wayuu families and clans, such as the dynamic of people and animal movements along the railway track , risk conducts and health of the indigenous populations, feasibility studies to design water provision projects for the Wayuu community, among others. Much of this information about the specific characteristics of the Wayuu population is facilitating a better design of public and private projects, leveraging entry of resources and development projects in Wayuu territories that otherwise would not have been covered by these types of services in a timely manner.

The company's Social Responsibility Department continues facilitating food security and productive and commercial development projects for Wayuu populations in reservations in the South and along the railway track.

Comments: Despite efforts made, the large number and dispersion of the Wayuu populations in the different areas of influence of the company make it difficult for coverage of the programs implemented to effectively and intensely reach the majority of the communities, some of which perceive the presence of the company's social activity as scarce or null, especially along the railway track.

The need exists to more clearly define identification criteria of the different realities and living conditions within the Wayuu communities, given that they present important differences in quality of life and the development of abilities. The Cerrejón Foundation for Indigenous Guajira has started to evaluate the need to focus development efforts in the rural sectors, which suffer the most acute exclusion conditions when compared to other Wayuu groups that are better integrated to La Guajira's economic, political, and social processes.

TPR RECOMMENDATIONS	COMPANY RESPONSE
15 THE TPR RECOMMENDED THAT CERREJÓN DEVELOP A CLEAR STRATEGY AND INDICATORS TO MEASURE RESULTS.	CERREJÓN IS CURRENTLY COMMITTED TO HAVE AT LEAST 20% OF ITS NEW WORKFORCE MADE UP OF INHABITANTS OF THE NEIGHBORING COMMUNITIES AND INDIGENOUS POPULATION. PLANS WILL BE CLEARLY ARTICULATED AND PROGRESS WILL BE PUBLISHED IN THE COMPANY SUSTAINABILITY REPORT.
16 THE TPR SAID THAT TRAINING OF FUTURE EMPLOYEES SHOULD BE COMPLEMENTED BY PARALLEL PROCESSES OF SUPPORT IN BUSINESS DEVELOPMENT TO ALLOW LOCAL COMPANIES TO MEET THE STANDARDS REQUIRED BY CERREJÓN IN DELIVERING CERTAIN PRODUCTS AND SERVICES.	IN 2008 THE FOUNDATIONS SIGNED AN AGREEMENT WITH SERVICIO NACIONAL DE APRENDIZAJE (SENA, COLOMBIA'S NATIONAL VOCATIONAL TRAINING AGENCY) FOR THE TRAINING OF 1000 WAYUU YOUTH IN DIFFERENT BUSINESS ABILITIES AND PROGRESS ON THIS MATTER WILL BE REPORTED IN CERREJÓN'S SUSTAINABILITY REPORT.

Progress: The company established as a goal that 20% of its new annual hires come from Wayuu populations or from the neighboring communities. Recognizing that the Wayuu population has experienced the greatest employability difficulty at the company, Cerrejón has sought to identify the training needs and priorities of the indigenous populations in its area of

influence, consulting with communities and applying focal groups with Wayuu employees to better understand the barriers for indigenous employability.

In addition to an agreement with SENA to train Wayuu youth in business skills, Wayuu youth have been incorporated in the implementation of the "Conéctate Colombia" program. Also, processes are promoted such as association and technological development of non-qualified Wayuu workers who provide weeding services along the railway track, creating a self-managed cooperative that already provides services to the company with better standards and working conditions for the Indians.

Comments: Despite efforts begun by the company in 2008, there are still cultural and education factors that make it difficult for the majority of Wayuu to comply with many of the minimum requirements demanded by the company or its contractors for employment, even in non-qualified jobs.

It is important to review and generate criteria that facilitate access to the Wayuu sectors most excluded from economic and social development opportunities, whether through company activities and that of its contractors, or through economic activities alternative to the extractive sector.

TPR RECOMMENDATIONS	COMPANY RESPONSE
17 THE TPR RECOMMENDED THAT THE COMPANY WORK WITH THE WAYUU CLANS TO ORGANIZE CEREMONIES THAT WOULD RECOGNIZE THE BURIAL SITES ALONG THE RAILWAY LINE AND, IN COOPERATION WITH THE APPROPRIATE PUBLIC AUTHORITIES, EXPLORE OPTIONS FOR RENAMING THE ROAD THE "WAYUU MEMORIAL HIGHWAY"	PLANS WILL BE DEVELOPED TO RECOGNIZE BURIAL SITES AND RENAME THE ACCESS ROAD DURING 2008, WITH THE INVOLVEMENT OF THE WAYUU ELDERS AND TRADITIONAL AUTHORITIES, AND WITH THE ASSURANCE THAT ANY ACTIONS ARE FULLY SUPPORTED BY THE LOCAL COMMUNITIES.

Progress: The company reevaluated the proposal to rename the highway due to the administrative difficulties demanded from the State, and proposed instead to rename the railway itself because of the company's direct control over it. In addition to this symbolic gesture, the company proposes to improve in practice the impacts of the railway on Wayuu safety and traditions, concluding a study in 2008 on the circulation patterns of people and animals along the track. Based on this study, underpasses will be constructed at critical points traditionally used by the Wayuu, in order to reduce risks to pedestrian and cattle traffic crossing the tracks.

The company also proposes a cultural project based on Wayuu rituals that will allow the redefinition of the significance and better integration of the railway line within the daily lives of the area's indigenous populations. Also proposed is developing accurate guidelines for the rapprochement of the company to indigenous populations' traditional sacred sites, to prevent any future offense of local beliefs and cultures.

Comments: It is probable that considerations about name changes of the highway or railway line are not a priority to most of the Wayuu population in the area. However, it is important to take into account their problems regarding the distortions that the railway track causes in their traditional traffic routes and their conceptions and use of the territory.

In any case, there are some Wayuu who say they perceive the impacts of company activities on the railway track as an offense to the land and their traditions, and believe the company should still establish a more fluid dialogue with the Wayuu to better understand how to deal with these and other issues.

TPR RECOMMENDATIONS	COMPANY RESPONSE
18 THE TPR RECOMMENDED THAT FOR THE MANAGEMENT OF SOCIAL IMPACTS, CERREJÓN SHOULD CONSIDER A PRIORITY THE ATTEMPT TO REUNITE THE MEDIA LUNA COMMUNITY, IF NOT PHYSICALLY, AT LEAST SOCIALLY.	THE COMPANY SUPPORTS THE TPR SUGGESTION BUT THIS WILL ONLY BE POSSIBLE WITH THE FULL CONSENT AND PARTICIPATION OF THE WAYUU CLANS INVOLVED. CERREJÓN WILL FACILITATE THE SETTING FOR INTERNAL DISCUSSIONS WITH THE INDIGENOUS COMMUNITY TO DETERMINE THEIR ASPIRATIONS, DEFINE THE AREAS WHERE THE COMPANY CAN GIVE SUPPORT TO ACCOMPLISH COMMUNITY GOALS AND ADDRESS THEIR SOCIOECONOMIC CONCERNS.

Progress: The company says that the physical and social integration process of the Media Luna communities is an issue that depends mainly on the purposes and will of the populations themselves. In any case, the company understands that these local integration processes require a foundation of quality living conditions and services for these communities traditionally excluded from many key utilities.

Cerrejón is currently financing and promoting actions to improve the living conditions and social development of the area, involving resources to complement the municipal government's plans on improved housing provision, access to safe water sources, local health services and education programs.

Comments: Regarding local social integration, the inhabitants themselves do not prioritize issues regarding their internal differences in their demands to the company, except if they relate to the access to benefits and improvement in the living conditions for their communities (employment, access to water and sanitation, education, transportation, among other issues identified by the leaders interviewed at Media Luna).

Although the leaders and local families acknowledge the company's contribution in a series of ongoing projects, they do not perceive the manifestation of marked results in their living conditions. Given the initial precarious conditions of many of these communities, it is important to reinforce the intensity, coverage, and efficacy of these programs, while strengthening the information and communication processes to allow a timely follow-up of the population's needs and concerns, while generating more trust and understanding in the population with regards to gradual progress.

2.7 ROYALTIES

TPR RECOMMENDATIONS	COMPANY RESPONSE
19 THE TPR RECOMMENDED THAT CERREJÓN EXPLORE MEANS OF DISSEMINATING INFORMATION ON ROYALTIES MORE WIDELY IN ORDER TO RAISE AWARENESS AND AN ACTIVE DEBATE AMONGST THE POPULATION, ENCOURAGING THE STRENGTHENING OF ORGANIZATIONS CAPABLE OF PRESERVING THE COMMITMENT TO CIVIL SOCIETY, INTEREST IN THE MANAGEMENT OF ROYALTIES AND OF MONITORING AND HOLDING THE LOCAL GOVERNMENT ACCOUNTABLE FOR THEIR USE.	THE COMPANY WILL SEEK THE WAY TO WIDELY DISSEMINATE ALL PAYMENTS MADE TO THE GOVERNMENT, INCLUDING USE OF THE LOCAL MEDIA. THIS INFORMATION WILL BE COMMUNICATED IN MEETINGS WITH THE COMMUNITY AND OTHER STAKEHOLDERS; ADDITIONALLY, THE SUSTAINABILITY REPORT WILL BE USED AS ANOTHER MEANS OF DISSEMINATING THE INFORMATION. CERREJÓN WILL MEET WITH THE RELEVANT COLOMBIAN GOVERNMENT AGENCIES TO PROMOTE THE COMPANY'S SUPPORT OF THE EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (EITI).

Progress: During 2008 the company has become involved in several incidence and communication processes with the purpose of promoting greater information and better use of the resources generated by coal in La Guajira, including the rapprochement between the State and private companies with representatives of the Extractive Industry Transparency Initiative (EITI). The company president himself initiated contacts with the Ministry of Mines to encourage adherence of the Colombian State to the initiative.

In early 2008, the company published detailed payments made on taxes and royalties and has come to an agreement with local media to periodically publicly communicate updates on this information. At the same time, the new Cerrejón Foundation for Institutional Strengthening started training and awareness-raising for public and private individuals on the proper use of coal royalties in the region.

Comments: Overall, these actions are consistent with the goal of improving institutional conditions to improve the use of royalties in La Guajira. As part of the initial stage of incidence processes, the company, through the Foundation for Institutional Strengthening, has contributed to the strengthening of civil monitoring mechanisms. However, certain stakeholders perceive that it is still necessary to increase the strengthening of public actors' management and facilitate a better interaction between authorities and civil society organizations regarding the proper use of coal royalties.

2.8 SECURITY AND THE VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS

TPR RECOMMENDATIONS	COMPANY RESPONSE
<p>20 THE TPR RECOMMENDED THAT ALL ALLEGATIONS OF AGGRESSION BY SECURITY FORCES NEED TO BE RIGOROUSLY INVESTIGATED TO ENSURE THAT RELATIONS BETWEEN THE COMPANY AND THE NEIGHBORING COMMUNITIES ARE NOT AFFECTED. CERREJÓN MUST ESTABLISH A PROCESS TO HANDLE COMPLAINTS ABOUT SECURITY AND DESIGN A SYSTEMATIC MECHANISM TO LISTEN TO COMMUNITY CONCERNS.</p>	<p>CERREJÓN FULLY AGREES WITH THE IMPORTANCE THAT ALL ALLEGATIONS OF AGGRESSION BY ITS SECURITY FORCES SHOULD BE RIGOROUSLY INVESTIGATED AND REMEDIAL ACTIONS TAKEN IF THE ALLEGATIONS ARE SUBSTANTIATED. THE COMPANY SAYS THIS HAS BEEN ITS PRACTICE BUT RECOGNIZES THE IMPORTANCE OF PUTTING IN PLACE TRANSPARENT AND SYSTEMATIC MECHANISMS FOR COMPLAINT HANDLING AND DIALOGUE WITH THE LOCAL COMMUNITIES ON SECURITY ISSUES. CERREJÓN WILL EXPLORE THE TPR RECOMMENDATIONS AS PART OF ITS GENERAL CONSULTATION PROGRAM WITH THE POPULATION.</p>
<p>21 THE TPR EMPHASIZED THAT CERREJÓN SHOULD TAKE ADVANTAGE OF THE PROCESSES CURRENTLY UNDER WAY IN COLOMBIA TO DEVELOP CLEAR INDICATORS FOR IMPLEMENTATION OF THE VOLUNTARY PRINCIPLES, IN ORDER TO PROVIDE THE MEANS</p>	<p>THE COMPANY WILL DEVELOP PERFORMANCE INDICATORS FOR THE HUMAN RIGHTS TRAINING PROGRAM AND THE RESULTS WILL BE REPORTED IN THE SUSTAINABILITY REPORT. IN ADDITION, THE COMPANY INTENDS TO DEVELOP A SYSTEM OF EASY ACCESS VIA THE INTERNET SO THAT SOCIETY AND ALL</p>

TO RECORD, MONITOR AND STAKEHOLDERS CAN MONITOR ITS ADDRESS ANY ALLEGED VIOLATION. CERREJÓN SHOULD ALSO EVALUATE ITS HUMAN RIGHTS TRAINING PROGRAM.

Progress: The company decided to develop and pilot a performance indicator system on the implementation of the Voluntary Principles on Security and Human Rights. In 2007, initial progress had been made on the proposal of indicators for the Voluntary Principles and the pilot process of using these indicators has advanced almost 70%. Concurrently, a proposal is being developed for mechanisms to measure and evaluate the results of the Human Rights training programs begun in the last years.

The new Human Rights coordination of the Social Responsibility Department evaluated during 2008 the previous implementation of the Human Rights Program, identifying its strengths and weaknesses and proposing a broader work scheme that exceeds the security forces training processes, complementing it with an approach that expects to cover all company personnel and the communities in the company's area of influence.

The company also intends to improve existing mechanisms for the receipt and handling of complaints and controversies on Human Rights. Use of these mechanisms began prior to the TPR as part of the initial implementation of Cerrejón's Human Rights Program in the Protection Division and were able to develop a more formal relationship between company and community upon the occurrence of possible incidents.

With the new placement of the Human Rights Program under direct responsibility of the Social Management Department and the increase in human resources and materials, possibilities have improved for better servicing community requests and complaints.

Comments: The review and improvement process of the Human Rights complaints and controversies management mechanisms has identified as a serious weakness the disarticulation with analogue mechanisms at a company level, which allow effective management of the majority of the cases presented, related to issues associated with the operation of other company departments.

2.9 HEALTH AND ENVIRONMENTAL ISSUES

	TPR RECOMMENDATIONS	COMPANY RESPONSE
22	THE TPR RECOMMENDED THAT CERREJÓN SHOULD PAY SERIOUS ATTENTION TO ALLEGATIONS FROM THE UNION	CERREJÓN AGREES WITH THE TPR IN THAT THIRD PARTY VERIFICATION OF COMPANY ENVIRONMENTAL MONITORING RESULTS IS ESSENTIAL

- AND THE LOCAL COMMUNITIES REGARDING THE INCIDENCE OF DUST-RELATED DISEASES.
- 23 CERREJÓN SHOULD CONSIDER PARTNERING WITH UNIVERSITIES SO AS TO ENSURE THAT ITS EMISSIONS MONITORING IS EFFECTIVE, CREDIBLE AND TRANSPARENT.
- IN BUILDING TRUST IN THE PROGRAMS. TO THIS END, IT WILL WORK WITH THE UNION AND LOCAL COMMUNITIES TO IDENTIFY THE BEST WAY TO ENHANCE ITS ENVIRONMENTAL MONITORING PROGRAMS.
- THIS RECOMMENDATION IS PART OF THE VERIFICATION PROCESS OF THE AIR QUALITY MONITORING RESULTS BY THIRD PARTIES. THE COMPANY PROPOSES AS A MINIMUM INCLUDING THIRD PARTY REVIEW IN ITS SUSTAINABILITY REPORT AND IMPLEMENTING THESE PROCEDURES WITHIN ONE YEAR.

Progress: Cerrejón has an environmental quality monitoring system in accordance with the diagnosis and commitments established by the environmental impact studies of its operations. Following TPR recommendations, the company started in the last quarter of 2008 an environmental audit process with the participation of representatives from the communities close to the mine, railway track and port, and verification by universities and State technical entities in charge of monitoring environmental standards.

Results of these measurements have been presented to community representatives, to the company employees' health and safety committee, and to local health authorities.

In addition, the Social Responsibility Department is supporting implementation of a regional study on health by DANE, in order to have third party technically validated primary information about the environmental safety and health conditions in the region.

Comments: Despite these efforts to carry out environmental monitoring processes with independent third parties, a large part of local stakeholders and communities still find it difficult to award credibility to the measuring results because fears and allegations of contamination (dust, waters, noise, and vibrations) still prevail in local perception.

It is necessary to strengthen the technical abilities of community representatives to interpret the processes and results of the measuring and analyses, as well as an effective communication that ensures that the whole population and families in the communities can understand the meaning and implications of these results and develop deeper levels of trust in the participatory monitoring processes.

2.10 IMPROVEMENT OF INDUSTRY STANDARDS

TPR RECOMMENDATIONS	COMPANY RESPONSE
24 THE TPR RECOGNIZED THE IMPORTANCE OF CERREJÓN'S ROLE IN IMPROVING INDUSTRY STANDARDS IN COLOMBIA, THEREFORE IT RECOMMENDED THAT THE COMPANY ENSURE THAT ALL RELEVANT NATIONAL AND INTERNATIONAL STAKEHOLDERS CLEARLY UNDERSTAND WHAT IT IS TRYING TO ACHIEVE ON THIS MATTER AND THE PERFORMANCE AND ACCOMPLISHMENTS IN THE PROCESS.	CERREJÓN WILL JOIN EFFORTS WITH THE COLOMBIAN GOVERNMENT, INDUSTRY ASSOCIATIONS AND SMES TO FACILITATE A WORKSHOP WHERE THE BEST PRACTICES, STANDARDS AND RULES APPLICABLE TO AREAS OF MAIN CONCERN ARE DISCUSSED AND SHARED.

Progress: Cerrejón has held exploratory meetings with a series of companies and intuitions potentially interested in debating and incorporating international social performance standards in the Colombian extractive sector. During 2008 it obtained the agreement of Asomineros, which groups the country's major companies in the sector, to cooperate in disseminating international best practices and standards, specially the World Bank IFC's Social and Environmental Performance Standards.

In addition to identifying and involving key partners, the company contemplates supporting the diffusion of community training processes designed by independent experts and NGOs regarding mining processes and the risks, rights, and development possibilities that these imply for their populations.

Comments: As a result of the TPR recommendations, the company decided to hold a workshop on international standards for the mining sector, aimed at companies as well as the State and civil society. The dates and content of said event are yet to be determined. One must evaluate whether, if in addition to disseminating information and awareness on the existing standards, it is possible to develop actions focused on facilitating the adaptation and application of such standards and good practices to Cerrejón and other companies' operations.

Cerrejón, as a company with relevant presence in the sector, can have a strong impact on the effective improvement of standards in other companies through systematization and exchange of its own experiences of implementation in the coming years.