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## Sustainability Report



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## Sustainability Report



**Cerrejón**  
Coal for the World,  
Progress for Colombia

## A MESSAGE FROM THE PRESIDENT

More than two decades ago, Cerrejón led the implementation of a Corporate Social Responsibility programme in Colombia. This was based on the principle that social actions should not be just a mere statement, but a core business activity. With this in mind we have developed a business management tool that allows us to plan, verify, assess and evaluate our performance in the different aspects that form our Corporate Sustainability policy. The result has been an annual report that informs our workforce and indeed the entire community about our accomplishments in the social area.

This specific annual report can be seen as a “heavy weight”, because of the quality, quantity, and the importance of the information that it contains. As part of our continuous search for processes improvement and the constant assessment of the communication mechanisms, this year we have considered timely to present our Social Responsibility performance through an internationally accepted framework.

This standard is the Sustainability Reporting Framework established by the GRI (Global Reporting Initiative). This is an international non-governmental organisation that developed non-compulsory guidelines with the purpose to lead organisations in the process of informing about the social, economic and environmental aspects of their activities, and products and services. Our commitment is to advance gradually in the implementation of these guidelines with the objective of producing a publication in accordance with the GRI standards. In this document we express our commitment with the application of the United Nations Global Compact, relating to Human Rights issues, labour conditions, environmental concerns and transparency. Similarly we have taken into account the sector’s briefing from the International Council on Mining and Metals (ICMM).

In our first Sustainability Report, we briefly present our activities and performance in compliance with the Security, Health, Environment and Communities Policy. Furthermore, we present the results we achieved in 2005 in the operational area and the development of high impact projects for our organisation.

In each of these areas we have made important achievements. Regarding our performance in safety, we should highlight that in that period no fatalities occurred to employees or

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contractors in our operations, achieving almost 2 years without these kind of regrettable incidents. The registrable injury frequency rate (lost time, restricted work, medical treatment) was 0.72 (based on 200,000 man-hours), inferior to the 0.75 in 2004. This resulted in the best rate in Cerrejón's history. Regarding the classified injury frequency rate (lost time and restricted work) we achieved 0.34, that is the same rate as in 2004 and also the best in Cerrejón's history.

We continue working towards achieving an injury free operation, extending the use of safety enhancement tools that have given us good results in the past and exploring the use of additional tools that have proven to be successful in the international mining industry.

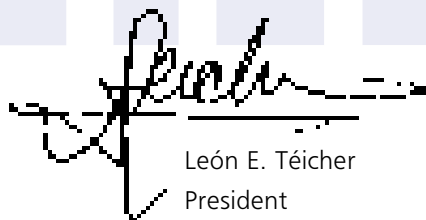
In the operational area we have registered a sustained increase in production and we have set the grounds to reach a production of 32 million tons per year by 2008, and possibly above 40 million tons per annum in the medium term. This last challenge implies the implementation of a very detailed expansion project that will be harmonically developed with the environment in mind, and, of course, with full community consensus.

Cerrejón has always been an unconditional ally to La Guajira State and we have always committed ourselves with their culture and with the sustainable development principle. The activities shown in this report demonstrate our effort in constructing a social network -very much needed in this area- to grow and become a leader in the development of the region.

Through the Sustainability Report, we make public our accomplishments and weaknesses and we show our optimism about the future through the projects and plans that are lying ahead of us.

A prosperous future is possible for everyone: for our workers, our families and the community.

Cerrejón supports the community: we do not settle for the minimum necessary; we strive for the maximum possible.



León E. Téicher  
President







## COMPANY'S PROFILE





## COMPANY'S PROFILE

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Cerrejón is a mining operation carried out in La Guajira peninsula- Colombia's northeast region. It is the northernmost point of South America. The mining area spans 50 kilometres along the valley of the Rancheria River, between the Sierra Nevada de Santa Marta and the Perija Sierra, covering a zone of 68700 hectares acres, with proven resources of nearly 2.140 million tons down to a depth of 300 metres, and recoverable resources of 930 million tons of coal.

Our integrated operation includes: mine, railroad, and port. We have achieved world-class results and a competitive position in the world's coal market.

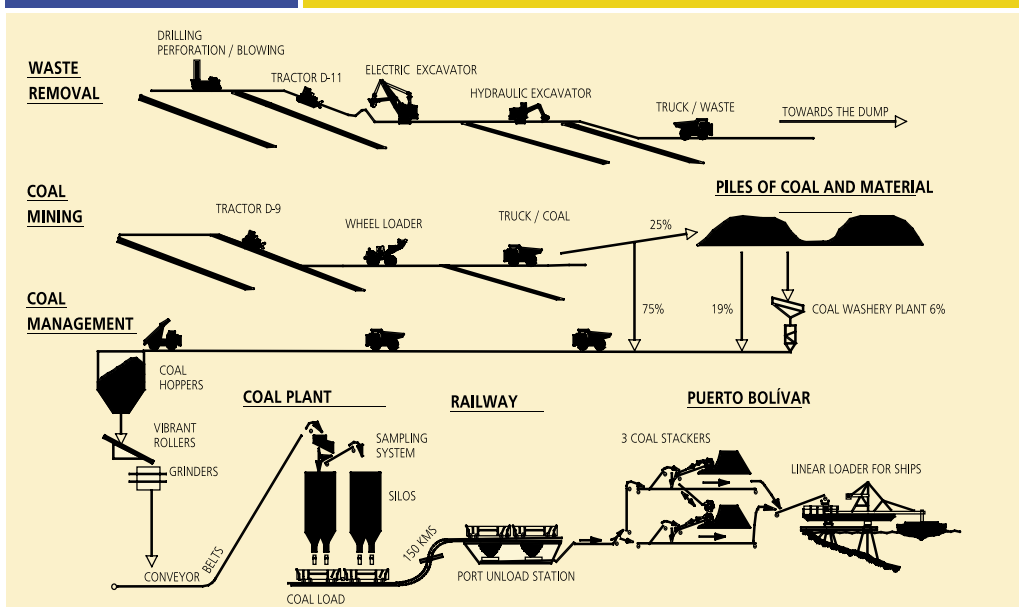
Mining is open-field, and the coal extracted has a high calorific value, low sulphur, and low ash content. We operate a 150 kilometre long railway joining the Mine with the export port, Puerto Bolivar.

Carbones del Cerrejón LLC is a private company of limited responsibility. It is owned in three equal parts by subsidiary companies of BHP Billiton plc, Anglo American plc and XStrata. The operation is targeted at the exploration, production, transportation and shipping of high quality thermal coal from the Cerrejón reservoir.

### The Mine

Open-field mining is a sequential activity that starts with the clearance of the surface vegetation and careful removal of the topsoil, which is stored for future restoration of the used lands. Then the excavation is started, followed by the fragmentation and removal of the inert material until the coal layers are exposed.

The coal is transported on trucks from the mine to the storage piles and the grinders. Once the coal is grinded, it is taken to by the conveyor to silos that load the train. The machines and equipment used in the mine are among the largest in size and capacity in the world, and are of the most advanced technology. Approximately 6% of the extracted coal is washed to improve its quality.



### The Port

Puerto Bolívar is the most important coal port of Latin-America and one of the largest in the world. It is located 150 kilometres north from the mine on the Caribbean Sea, and can host ships of up to 180.000 tons (dead weight), 300 mts long, and 45 mts wide . Its navigational channel is 19 mts deep, 265 mts wide and four kilometres long.

The main facilities of the port are the train unloading station, three stackers-reclaimers, and the lineal ship loader which directly places coal into the ship's hull at more than 5.500 tons per hour. The port also has a supply pier to host ships of up to 30.000 tons, with machinery, spare parts, fuel, and other supplies for the mining operation.

### The Railway

The 150 kilometre long railway connects the mine with the port. The coal is transported in trains of up to 120 cars loaded in the silos in a continuous way. The time of the complete cycle of load, transport, unloads, and return from the port to the mine is approximately 12 hours. Seven trains are dispatched daily. A service train operates for the transport of supplies, materials, and spare parts. A centralized traffic control systems controls the on-rail traffic from the Mine.

### Support services

We use other facilities to support such operation: two airports (one at the mine and another in Puerto Bolívar); satellite telecommunications, and advanced information systems in all the areas.



## Some Meaningful Numbers 2005:

### Regional and National Impact

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- Cerrejon's mining operation represents almost 45 % of La Guajira's GDP
- Cerrejón is the second largest coal exporter in Colombia and the first one in the private sector. Sales represent 55-60 % of Colombian coal exports.
- Cerrejón coal represents 6% of Colombian exports.
- Coal is Colombia's second export product, surpassing coffee.

### Employment generation

- Employees: 4.424
- Contractors: 3.877

### Operation

- Total coal: 26 million tons
- Waste removed: 172 million BCM
- Total exported coal: 25.5 million tons

### Taxes and Royalties

In 2005 Cerrejón generated 106 million dollars in royalties, and 144 millions in taxes.

### Environmental Performance

- In 2003, Cerrejón's operation received the ISO 14001 and OSHAS 18001 certification, which maintains to date.

- Air quality monitoring network: 18 total suspended particles (TSP) and breathable particles (PM-10) sampling stations, in accordance to national laws.
- 2.278 rehabilitated hectares and more than a million planted trees.
- Cerrejón has domestic and industrial residual waters control systems in all of its facilities.
- A wildlife control and protection programme has been developed for intervention in mining and rehabilitation areas to ensure conservation of native species.
- Recycling of solid residues that are generated as a result of our activities is encouraged. In addition, the operation has a manual sanitary disposal and an incinerator for eliminating special and dangerous solid residues.
- Cerrejón has an environmental awareness training programme, to ensure adequate environmental practices that will lower the impact of our operations.

## **Social Performance**

During the period of this report, Cerrejón invested approximately US\$3.5 million in projects related to education, health, and productive development in the indigenous and non-indigenous communities located in 13 of the 15 municipal areas of La Guajira department.

### **Education**

- Construction and supply of CREM, Fonseca's Municipal Didactic Resources Centre - 12,000 assisted students.
- Cerrejón's Scholastic Excellence Scholarship - La Guajira's top 10 high school graduates receive full funding for their university education.
- Educative improvement plan: promotes integration and strengthening of education institutions.
- 20 years of the Etnoeducational pilot programme: Kamüsuchiwo - unique model in Colombia.

### **Health**

- Health Brigades: annual average assistance to 8000 people in the area of influence.



- Strengthening of the Public Health Network through medical equipment and infrastructure.
- Barrancas Hospital: total investment of US\$4.5 million in the project.

#### **Cerrejón's Foundation**

- Offices in Riohacha and Barrancas.
- Promotion and creation of micro-enterprises and solidarity groups: US\$3.2 million in 2,040 loans for 2005.
- Basic sanitation improvement.
- PAICI: Integral Assistance Plan for Indigenous Communities: 218 communities aided during 2005 - 35,010 indigenous people in productive programmes like handcrafts and goat meat.







## VISION AND STRATEGY





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## VISION AND STRATEGY

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### Vision

To be renowned in the national and international coal market as the world-class, most reliable and efficient producer and exporter, as an excellent partner that fulfils the highest safety, health, environmental and sustainable development standards, and as a Company of ethic behaviour, respectful of the human rights, and effective contributor to the development and wellbeing of the communities where it operates and of the whole nation, promoting the people's participation and excellence, achieving the best profits for its shareholders.

### Strategic Objectives

To ensure that the plans and activities achieve the Vision, six strategic objectives have been defined to align and articulate the strategies and plans of the different areas of the Company.

#### 1. Health and Safety

To establish a free-accident culture, decreasing the accidentally indexes and minimizing the probability of occurrence of work illnesses.

#### 2. Social Responsibility

As a responsible company we look forward to promote and support the sustainable development of the communities in our zone of influence, in a way we can contribute effectively to the progress of the region and the country. To guide all our activities with integrity and respecting the principles in human rights, work relations, and anticorruption areas. To carry out operations under the concept of sustainable development, by applying the best practices for the effective control of the adverse impacts on the environment.

#### 3. World-class Human Resource

To create the organisational conditions to attract, motivate, train, develop and ensure the permanence of the human talent, and guarantee in a continuous basis the knowledge and necessary requirements to make our operations with world class standards; and also to offer an excellent work environment for all the members of our team.

#### 4. Expansion of the Production

To expand the production to 32 million tons annually in the short time; and create the conditions to increase production to more than 40 million tons.

#### 5. Quality and Client Satisfaction

To satisfy the needs and expectations of the clients and consumers of our coal in terms of quality, opportunity, development, and technical assistance through the coordinated effort



of the planning, mining, grinding, transport, shipping and marketing areas. To establish operational and sales plans in harmony with the product of the mine and with our operational capacity ensuring its accomplishment. At the same time, to ensure the product's quality in each of the steps of our operative processes.

#### 6. Competitiveness and Efficiency

Improve continuously, optimize the use of resources, and innovate in all our processes in the operative, marketing, and administrative areas, and all their interactions, to develop proper conditions for us to maintain our position amongst the first quartile of lower-prices exporting mines without any setback in our expansion objective, and assuring the long term stability of the mine. At the same time, identify and develop business opportunities that grant an added value to coal production and sale.

#### Values

##### Safety, Health and Environment

Safety, Health and Environment are our highest priority. We must obtain excellent results in our business by work processes that control in an effective-cost way the risks to the people, to the environment, and to the equipments and facilities.

##### Ethic and Honesty

We are interested in getting results keeping an ethic and honest behaviour of the highest integrity in all our actions. A good reputation, founded in transparent business management, is an invaluable asset.

##### Respect and Trust

Mutual respect and the professional life are fundamental for a stimulating work environment in the search of the corporative objectives. Our personal relationships must be based on sincerity, and from the beginning, in the premise of mutual trust from the parts involved.

##### Women Promotion

We support the efforts focused on promoting the active participation of the Organization, acknowledging their presence and leadership as relevant contributions to the creation of a better work environment with more participation, collaboration, and colleague relations.

##### Excellence in Relationships

We establish mutual beneficial relations that create prosperity, trust, confidence, and new opportunities with the people and institutions we relate with, since they are fundamental to guarantee the future sustainability of our operations.



#### Responsibility Objectives. Results and use of the resources

It is responsibility of each work section to accomplish the established goals and objectives proposed in the frame of the corporative strategies. We value the simplicity and effectiveness of the working processes, as well as the effectiveness reflected in the strict use of the resources in the related processes.

#### Communications

Honest, relevant, adequate and timely communications are essential for the achievement of corporative objectives. Information is a right for the ones who need it in the development of their functions, and is also a duty to search for it.

#### Leadership, Participation, and Team Work

Cerrejón values effective leadership, and the participation of the workforce in the processes of the organisation. We acknowledge the need to listen several points of view for decision making at the corresponding level. Additionally, we value team work under the light that an efficient sharing of understanding offers better results than those merely from the individual.

#### Adaptability, Innovation, and Improvement

Adaptability, agility, and proactive response to changes in the surroundings are highly valued in our employees, and are vital for the Company to ensure our competitiveness and to answer properly the needs of our clients and of the market we work in. We encourage and value the open mentality and the aptitude to innovate and search mechanisms and opportunities for the improvement of our processes.

#### Integral Individual Development

The development of the people is product of their willingness to succeed in the technical, professional, human, and social fields. Through this individual development, the results of the Company are better every day. That's why we provide mechanisms for the individual development in an equity environment, where the employees can grow both, personally and professionally, at the same time supporting the growth of others and of the Company.

#### Acknowledgment

We value and promote the acknowledgment by the achievement of results among our guidelines. Through acknowledgment we strengthen personal motivation and the active participation of all the employees. We celebrate our successes and reinforce winner attitudes.

#### Exemplar Citizenship

The Company as a whole and every employee should be exemplar members of the community where we work committed to its culture, and with the principle of sustainable development.





## ORGANISATIONAL STRUCTURE

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### Shareholders committee

The Shareholders committee is formed by a main representative and a substitute from the BHP – Billiton, Anglo–Australian, Anglo-American, South African and Xstrata, and Switzerland Enterprises. The three companies are inscribed in the London Stock Exchange. The committee meets thrice a year to analyze the development of the actions established in the annual plan, and to approve the investments. In one of this meetings the budget for the next year and the five-year plan are approved.

There are also several meetings that allow the shareholders to exchange their suggestions. Shareholders meetings (3 per year), Marketing Board: (3 per year), Technical and Operations review (4 per year) and the telephonic conference for monthly performance evaluation.

**Shareholders Board:** Held in the months of April, September and December each year. They are divided in two parts: a Financial Committee and the Shareholders board itself.

**Marketing Board:** In this session the issues about clients, contracts, sales plans, prices and sales projections, among other topics, are reviewed.

**TORC - Technical and Operations Review Committee:** The four meetings in the year have a technical and operational focus. This committee reviews in detail topics of the mining plans (geological models, exploration, etc.). There are also preliminary reviews of the use of capital that the shareholders board will approve, and topics related to the expansion plans on short and long term are reviewed and approved.

**Telephonic Conference for Revision and Development:** It is held monthly. Its purpose is to review comments and inquiries from the financial and operational reports that are sent to the shareholders every month.

**Management and Vice-presidency Meetings:** The Vice-presidency and the Management of Cerrejón meet weekly, monthly and quarterly. Every week the COO and the Vice-presidents





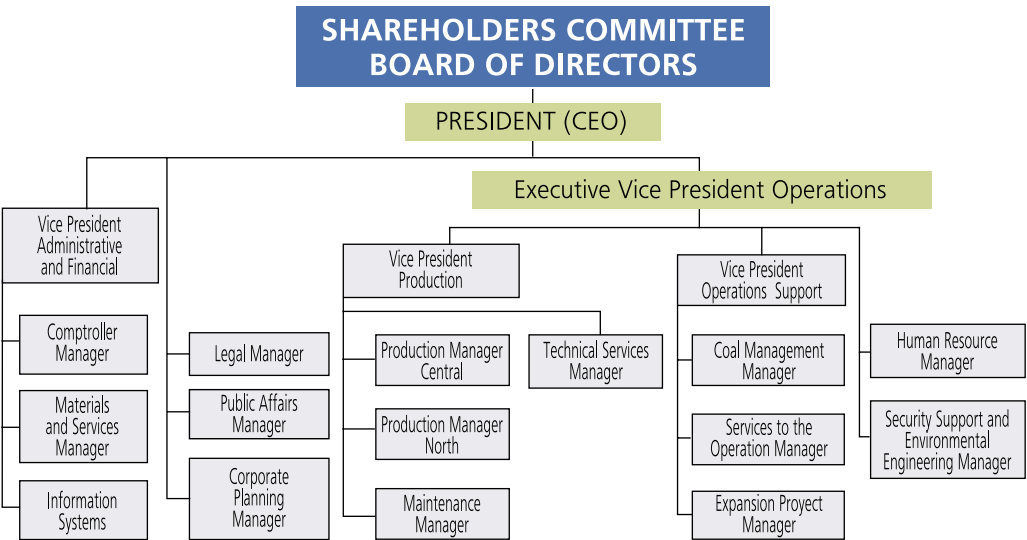
and mine managers meet. Every week an Operational Integrity meeting is held, and it is attended by the COO, the Vice-presidents and Mine managers.

Every month a staff meeting is held at the Financial Vice-presidency, where the Materials Department, Controller, and Systems sections meet with the Financial Vice-president. Also, a meeting with the CEO, the Vice-presidents, and all the managers is held to review the monthly report to be sent to the shareholders. The quarterly meetings review the control of the departmental indicators and plan control, and all the managers, vice-presidents, and the CEO attend.

**Management Committee**

The main function of this committee is to make decisions for the proper working of Cerrejón. This committee reviews the investment plans requiring high-level approval, contracts and contract needs of the company, and relevant topics that need the approval of the highest levels of the Company.

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- This committee is formed by the CEO, COO, the Vice-presidents, the Legal Department Manager, the Corporative Planning Manager, the Human Resources Manager, and the Comptroller Manager, this last one acting as the Secretary of the Committee.



- 3.5
- Cerrejón has a variable reward system for all the executive levels that is applied depending on the achievements of the goals established every year.





**CORPORATIVE POLICIES**







## CORPORATIVE POLICIES

### 3.16 ■ Policies that guide the action of our collaborators

3.7 Cerrejón, as a leader company in the mining market, worries about its achievements as well as the way they are reached.

The Policies and Behaviour Guidelines Manual gathers the most important policies and precepts that guide the Company's life as well as those of its employees and collaborators. Nobody in the Organisation has the authority to surpass these policies, and no objective justifies violation. The following is a summary of the current policies in practice.

### **Safety, Health, Environment and Community Policies**

Cerrejón's policy -concerning its open-field activities, coal transportation and shipping in La Guajira, and the activities in other places where it operates- is to carry all operations and businesses in harmony with the environment and the society, while we protect employees safety and health, and we contribute to the development, welfare and culture of the communities in the zone of influence. We also work to implement the best practices of the mining industry in areas such as Safety, Health, Environment and Communities.

The exercise of this policy will be carried out by the use of an action system to deal with the risks in Safety, Health, Environment and Communities among a continuous improvement process that follows these directives:

- Design and maintenance of the facilities, and establishment of operational processes that ensure the safety of people, property, and the environment.
- Continuous effort to identify and administer the risks related to our activities.
- Fulfilment of the laws and applicable norms, as well as other obligations we have voluntarily assumed.
- Application of our own standards when they exceed the legal norms or when there are no norms at all.

- Quick, adequate and careful response to emergencies or accidents in our operations.
- Programmes in Occupational Health and Safety to improve our employee's well-being.
- Periodic evaluation of our employees' health to identify and control work related illnesses.
- Creation of awareness, training and establishment of commitments between our employees and contractors in accordance with Human Rights, International Humanitarian Law, and Voluntary Principles.
- Transparent relationships with the Private Security contractors, State Security Institutions, the Colombian Army and National Police, in the frame of the Voluntary Principles.
- Respect for the fundamental Human Rights, especially those of native communities, preserving and fortifying their culture, identity, traditions and customs.
- Answer appropriately to any questions from neighbouring communities and make permanent efforts to keep cordial relationships based on cooperation and dialogue.
- Work together with the communities and State Institutions in projects for the interests of human life, and improve people's quality of life with sustainable development.
- Job opportunities according to our possibilities and the requirements of our operations, promoting the best possible use of the resources from the region and the country.
- Train, create awareness and obtain commitment from the employees and contractors for the achievement of this policy.
- Establish appropriate communication channels to promote our programmes on Safety, Health, Environment and Communities, and know the questions of the people on these topics.
- Exercise continuous revision and evaluation of this policy to assure its execution and measure its coverage.

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### **Relationship with the Clients and Product Quality Policy**

Cerrejón acknowledges that client satisfaction is extremely important for success in the business. Conscious of our responsibilities with direct clients and retailers, the Company works in understanding their requirements and questions, and in answering their needs in the effective way they deserve. In this field, the Company's policy is:

PR1

- To provide a high quality product that fulfils or exceeds the necessary specifications and needs of the consumer under reasonable circumstances.
- To offer services complying fulfilment, efficiency, and courtesy standards.
- To provide precise and sufficient information on the products and services, including details on guarantees to allow clients to have a complete scenario to make a well-based buying decision.
- To offer precision in advertisement and all communications.

### **Communications policy**

Cerrejón promotes and encourages a two-way communication process to create a positive dialogue, and to coordinate processes guaranteeing corporative coherence. Clear, relevant, and appropriate communications with the stakeholders are essential to reach the objectives of the organisation.

### **Social Work Responsibility Policy**

Cerrejón is a Company committed to the integral development and well-being of its workers, and respects Colombian laws, free association rights and collective negotiations in pursuit of the improvement of their health and safety conditions that will allow the workforce a social and economic progress, as well as the establishment of fair commercial relationships with providers and contractors. These directives form the Social Responsibility Policy of Cerrejón with its Human Force, and they are applied through an action system that includes Cerrejón's effort to commit its providers and contractors in the adoption of these guides inside their organisations and operations.

### **Human Rights Policy**

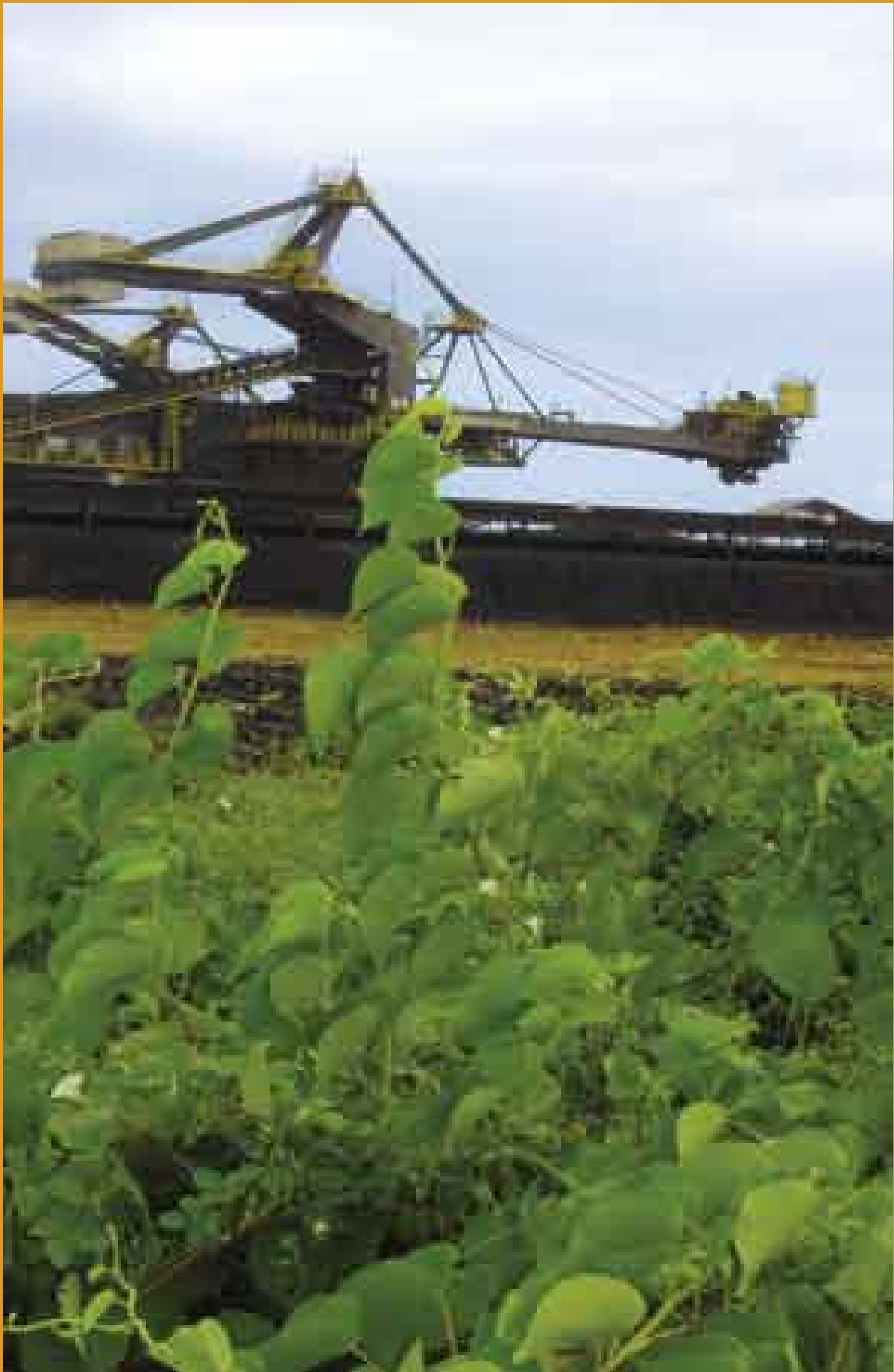
It is policy of Cerrejón to make its operations in a way that Human Rights of employees, contractors, third parties, clients and general public are respected, protected and promoted. The same policy is expected from the contractors who are responsible for the promotion, protection and respect of Human Rights in every region where their work or services are executed.

### **Ethic Policy**

It is policy of Cerrejón to follow strictly all the laws comprising its business. This policy does not end there: even when the law is relaxed, Cerrejón demands maximum integrity to perform all actions. Honesty is not subject of criticism in any culture.

We do not tolerate workers who get results by breaking the law or using unscrupulous methods. We don't allow reprisals against workers who inform about irregularities.

Cerrejón opposes completely to corruption. No bribes will be offered or accepted, and this policy will be exercised through a strict internal control system. The so-called "facilitating payments" are completely prohibited.





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SO5

#### **Political Activities Policy**

Cerrejón does not contribute to political parties or candidates, except in the cases where the law allows it and after the authorization of the Executive Board.

#### **Drug and Alcohol Use Policy**

The improper use of medications, and the use, possession, distribution or trade of controlled drugs, hallucinogen, nervous, or dependency drugs during work hours, or inside facilities or vehicles of the Company are strictly prohibited and are a causal of contract termination.

HR4

#### **Equality of Opportunities Policy**

It is policy of Cerrejón to provide equal job opportunities according to the applicable laws to every person who is qualified to perform a job. The Company executes these policies, programmes, and practices in a non-discriminatory way in all work related aspects, including recruitment, hiring, job assignment, promotions, transferences, terminations, wages, and training selection.

The employees will not be the object of harassment, discrimination, intimidation, or reprisals by the exercise of the rights protected under this policy.

HR4

#### **Productive Work Environment Policy**

It is policy of Cerrejón to promote a productive work environment based on the respect to people, to the diversity and the ideas of every one.

As part of the productive work environment policy, the Company specifically prohibits any kind of sexual, ethnic, racial, or any other way of harassment towards and from the employees, contractors, providers and clients.

#### **Management Control Policy**

Effective controls are essential for an efficient outcome in all operations and businesses practiced by Cerrejón. The word "controls" refers to all the procedures the Company uses to guide, restrict, govern, and verify all activities. The responsibility implied in these controls involves every employee working at Cerrejón.

**Control Environment**

Following the company’s objective, that is to preserve the interests of the shareholders and the community, the Company has developed a managerial control system to assure the efficiency and proper use of the resources and the protection of its assets. These controls are made with the regard of guaranteeing that the company is being managed according to the policies and procedures established by the shareholders and the management.

As part of the responsibility of Management in the control exercise, the storage of financial records that reflect the reality of the assets and liabilities of the Company is demanded. The integrity and fidelity of these accounting records are supported by a system of internal controls that include procedures and techniques designed to provide reasonable trust that the objectives are fulfilled.

**Organisational Responsibilities**

The Management, Comptroller, Internal Auditory, Internal Control Advisers, the employees and the external auditory are responsible for the creation and proper function of the controls.

**Fraud Report**

To strengthen this purpose, the Company has established an emergency line to report fraud.

■ HR9  
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**Precaution Principle**

The Wingspread Declaration in 1998 about the Precaution Principle states that: “when an activity represents a risk of damage for the human health or the environment, preventive measures must be adopted, even though some relations between cause and effect are not scientifically established in its entirety” (the Wingspread Conference on the Precaution Principle was made by The Science and Environmental Health Network).

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This declaration, together with Principle 15 of Rio’s Conference on Environment and Development in 1992, expresses the obligation to suspend or cancel all the activities that endanger the environment, despite the absence of scientific confirmation.

According to these guidelines, Cerrejón implemented structured methodological procedures to be systematically applied to identify and manage the risks of the business, gathered in the following categories:

• Strategic	• Counterparts
• Relation with Stakeholders	• Policies
• Venture Capital	• Operations
• Safety	• Fraud
• Foreign Currency	• Mineral resources base
• Health	• Workers performance and industrial relationships
• Liquidity	• Technological information
• Environment	• Laws and regulations

Control measures are implemented and monitored continuously to eliminate or lessen the risks and to ensure their proficiency and sustainability. Reports on the state of the risks are sent periodically to the Shareholders for their information and control.

The procedure implemented for risks analysis evaluates the risks of the Company taking into account the impact, the frequency, and the probability of their occurrence. The methodology obliges to the identification of control measures to eliminate them or minimize them. The final outcome, called residual risk, is recorded for its monitoring and control. Additionally, the company has established some action indicators that help the monitoring and control of the different risk scenarios.

#### INDICATORS

Incidents with lost time + restricted work
Reported Incidents (excluding first aid)
Casualties
Air Quality in the Mine
Air Quality in the Port
Keep ISO-OSHAS Certifications
Recovered Lands
Incidence of work illnesses
Real vs. Planned Coal (produced-sold Tons)
Real vs. Planned Sterile Material
Direct Coal to Grinders
Ship Loading Measures
Real/Planned Exportations
Accomplishment of shipping specifications
EBIT Aggregated
Cash Flow Generation
Unitary Costs
Total Absenteeism (excluding vacations)
Illness Absenteeism
Low qualification auditory controls





## STRATEGIC PLANNING





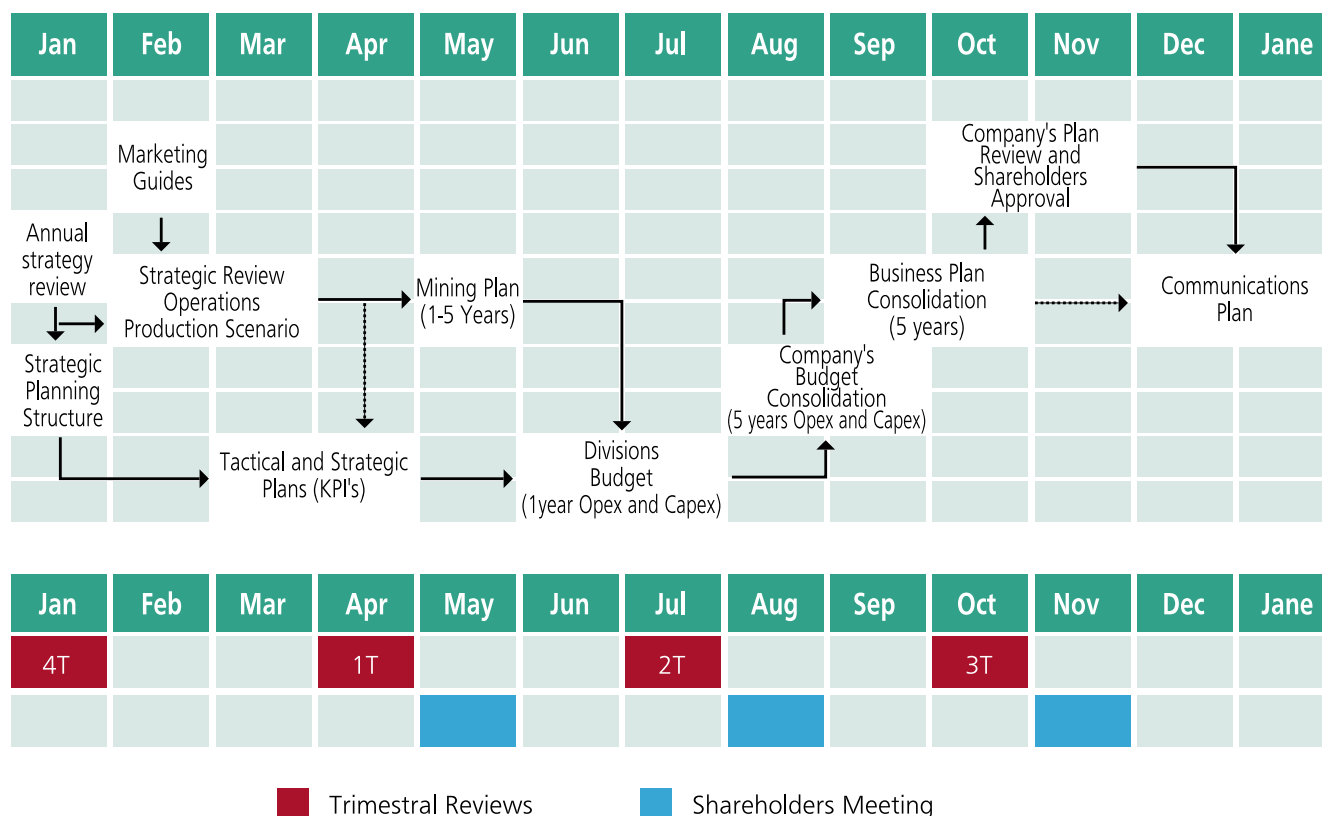
## STRATEGIC PLANNING

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The activities to establish the goals and priorities of the year are contained within Cerrejón's planning cycle. In this cycle the realization of a planning session called "Revisión Estratégica Anual" (Annual Strategic Revision) is carried out, in which the critical issues and the strategies to be developed for the following year are discussed. In the quarterly meetings (January, April, July, October) there is a follow up on the action plan and the key performance indicators of each function.

There is also an Annual Communications Meeting. The objectives of this meeting are to show the plans, goals, and priorities to the whole organisation. It is the opportunity that the employees have to interact, make suggestions, comments and ask questions in all the levels of the organisation: directives, analysts, technicians, and operators.

**Graph 1: Cycle of Cerrejón Planning**





## **MAIN STRATEGIC GOALS OF CERREJÓN**

Cerrejón's management promotes an exercise of reviewing the corporative strategic framework in order to redirect its main objectives and strategies for the following years. This redirection is a consequence of the challenges imposed by the increase in production, and maintaining adequate levels of efficiency and competitiveness. The results of the discussions that have taken place during this process are briefly outlined below.

### **Safety and Health**

Establish an accident free culture that constantly decreases the accident rate and minimizing the probability of occupational health and safety problems.

### **Social Responsibility**

Promote and support the sustainable development of the communities that are located in those areas influenced by our operations, in a way that we can effectively contribute to the progress of the region and the whole country. Perform all our activities with integrity and respecting all the principles of conduct and actions in regards to human rights, work relationships and anticorruption. Carry out all our operations under the concept of sustainable development, throughout the application of improvement practices for the effective control on the negative impacts on the environment.



**World Class Human Resources**

Create an organisational environment that attracts, motivates trains, develop and helps retain the skilled human talents, and, at the same time, that ensures that the knowledge and the necessary competencies needed to perform our operations at world class standards are kept sufficiently and permanently.

**Productivity Expansion**

Productivity should increase to 32 million tons per annum in the short run and create the competitive conditions that allow an increase of the operation to volumes greater than 40 million of tons in the medium run.

**Quality and Customer Satisfaction**

Fulfil the needs and expectations of the clients and consumers of our coal in terms of quality, opportunity, performance and technical assistance, throughout the integration and coordination of our planning functions, mining operations, trituration, transportation, shipping and marketing.

Establish operational and sales plans that go in line with what the mine produces, our production capacity and also ensure its compliance. At the same time, we guarantee the quality of the product in each one of the phases of our production processes.

**Efficiency and Competitiveness**

In order to develop the appropriate conditions to sustain our position within the first quartile on coal export mines -with the lowest unitary costs-, we focus on: our continuous improvement, the optimization in our use of resources, and innovation throughout all our processes through both our marketing and our administrative operative areas, as well as in their interactions. All of these without losing our objectives of expanding out of sight and always ensuring the stability of the mining operations in the long term while the business opportunities that generate additional coal production and sale are identified and developed.

The action plans of the Operative Departments and the Company's Support will be aligned with the proposed objectives, as well as our dynamic feedback system. In the same way, the resources and the budget necessities have to be coherent and aimed towards these corporate objectives, to ensure their compliance through time.

This process will be monitored every three months through a checking of the concentrated indicator systems (KPI's Corporate and Departmental). Each department is responsible of

controlling their tasks in all of its areas so that the fulfilment of all the proposed objectives required by the company is guaranteed.

This strategic planning framework provides an efficient integration of all actions under the same platform, and it establishes common compliance goals. At the same time, it transforms into a key tool that organizes our progress in a better way for our participation in future scenarios where the production of coal grows.

## **PROJECT AND MANAGEMENT PROGRAMMES**

### **Six Sigma**

To ensure the sustainability of the achievements obtained through the “CRECER” improvement project, and in order to improve the operative and administrative processes within the organisation, Cerrejón has adopted the Six Sigma methodology. Six Sigma is a structured improvement methodology, characterized by the systematic use of statistic tools and methods for data analysis. It is used to identify the deficiencies in the processes and to propose solutions to achieve the desired improvements.

The Six Sigma programme started in 2005 with the training of the Presidency, the Management, the first 16 “Black Belts” and 21 “Green Belts”. The actual “Belts” are those selected employees from the following departments: Production, Maintenance, Coal Handling, Operative Services, Technical Service, Environmental Engineering and Safety, Materials and Corporate Planning.

The Six Sigma project is developed by each of these “Belts”. This project is totally aligned with the corporate objectives of the Cerrejón and is focused on the improvement of the operation chain process, or on the corresponding support processes throughout the previously mentioned departments.

For 2006 the collection of the economical benefits coming from the projects started in 2005 is proposed. For 2006, the programme will be reinforced with the training of at least 20 “Green Belts” and 100 “Yellow Belts”, in order to increase our ability to develop and implement improvement projects, strengthen the Improvement team under their leadership, and to accelerate the collection of the programme’s economical benefits.

## Complete Insurance Plan PIA

STAKEHOLDERS	AREA	VALIDATION
Public Affairs	Public Affairs	WORLD COMPACT
Safety and Environment	Safety and Environment	VOLUNTARY PRINCIPLES
Human Resources	Human Resources	ISO 14001
Comptroller	Comptroller	SEAT - NGO'S
Materials	Materials	SA 80000
Services to the Operation		SHAS 18001
Systems		

Within the conceptual framework of sustainable development, Cerrejón has developed a Complete Insurance Plan (PIA), which is a fundamental tool in recognizing its social responsibility in front of its employees, its community and its environment, based on Human Rights and Transparency.

## Objective

Ensure that Carbones Del Cerrejón is locally, regionally, nationally and internationally recognized as a company that complies with Social Business Responsibility through its actions.

## Programmes

- 1) Implementation of the Social and Labour Responsibility Management System.
- 2) Application of sustainable development incentives within the Environmental and Community productive programmes.
- 3) Study and project execution that contribute to the reduction of the green house effect gases (GEI) and compliance with the Clean Development Mechanisms -CDM- stated under the Kyoto's Protocol.
- 4) Implementation of the Voluntary Principles in relation to Human Rights.
- 5) Commitment to comply with the World Treaty of the United Nations related to Human Rights, Work Conditions, Environment and Transparency.

## PROCESS AND EXECUTION

### Social Labour Responsibility Management System

It is an integral, global and verifiable system that aims at the fulfilment of labour



standards. It is applied to both large and small companies to show the commitment towards employees working conditions, to clients and to other interested groups. This is an extensive prerequisite for contractors and providers.

The objective of this certification is to establish systems to ensure the compliance of a series of Social Responsibility prerequisites that include basic working aspects (honoraries, children based work, wages, etc.) such as task aspects (politics, programmes, corrective actions, etc.) that promote dialogue, cooperation and continuous improvement.

Cerrejón, as part of the Complete Insurance Plan -PIA-, looks for the international recognition of its company's improvement practices, including its working conditions and its employees Human Rights.

### **Sustainable Development**

In its most accepted definition: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (WCED- Brundtland Commission). Cerrejón, complying with such definition, combines the economic, social, and environmental elements, generating aggregate value to our product, and at the same time contributes to the preservation of the environment and aims for a better quality of life for the neighbouring communities.

The objective is to reach a social progress that recognizes the needs of all individuals, the effective protection of the environment, the sensible use of natural resources and the upholding of high levels of employment and economic growth.

### **Potential Projects that have been under study**

In the assessing of these programmes, we counted with the participation of entities like Fundación Zeri, Fundación Gaviotas y Pronatura. These projects were evaluated in 2005 with the idea of analysing the feasibility of implementing them in the future.

- Crop of Algae: Research project in which algae is harvested so it can be used to find feeding solutions and improve kids' nutrition.
- Restoration of Puerto Bolívar marshes: Contributes to expand the natural ecosystem of the marshes to take advantage of their qualities like organic, animal and vegetable material.

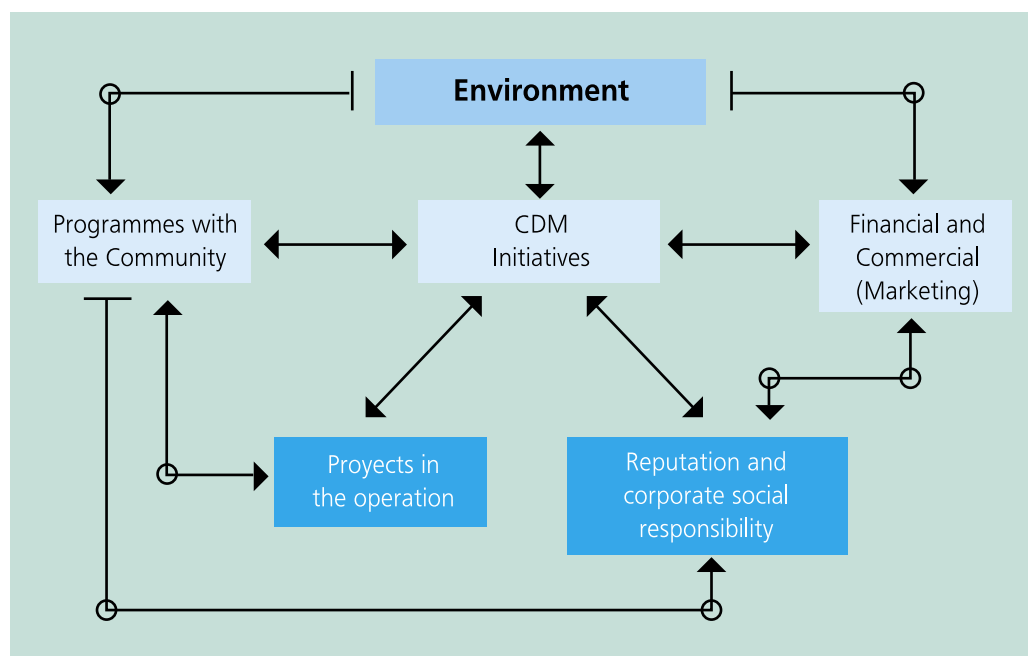
- Integrated management of solid waste: System for the processing of organic waste and transformation into soil fertilizer. The possibility of transforming the rubbish problems into economic, social and environmental opportunities.
- Production of water through condensation: Transporting cold water from deep levels of the sea and taking advantage of the difference of temperature, it is possible to generate condensation through the permanent spray of water.
- Generation of wind energy: Transform the wind into energy that is usable for the benefit of the local communities.
- Guide for the public management in Albania – Fundesarrollo: Proposal to prepare an efficient municipal public management guide for Albania, Guajira.
- Businessmen for the Education in La Guajira: With the contributions of Cerrejón to the fund of Businessmen for the Education of the ANDI, develop the mechanisms of this resource in benefit of improving the education in La Guajira.
- Alignment of projects with sustainable development: Align the current projects, directing them towards economic, social, and environmental sustainability, using the internal and external available resources.

With the creation of new projects and the improvement of the current ones, Cerrejón commits to the efficient use of resources, making them more productive and environmentally profitable. In this way, it is added to the international agenda using initiatives of sustainable development that generates progress for the community and the region.

### **Clean Development Mechanisms - CDM**

Cerrejón has incorporated in the Complete Insurance Plan, the reduction of greenhouse emissions GEI, with the intention of assessing the feasibility and implementation of sustainable energy and environment projects that comply with the requirements of the Mechanisms of Clean Development, CDM, from the Kyoto agreement, allowing us to obtain certifications on gas reduction, which represents a competitive advantage with economic, objective and very positive social and environmental effects.

### Clean Development Mechanisms Graph - CDM -



#### Phases of Implementation

Since the beginning of 2005, different entities were contacted in order to develop programmes of Sustainability Development, with the main goal of receiving project proposals that can be eligible as CDM projects. The phases to determine which projects are feasible are:

1. Identify all the existing possibilities within the company to apply the concept and CDM programmes.
2. Study the alternatives and the pre feasibility CDM in those activities that are considered priority in the different social and environment aspects that where previously mentioned.
3. Execution of the CDM projects on which there is a positive Internal Rate of Return and/or the projects which social benefit is acceptable in a Cost-Benefit relation for Cerrejón and has as a base the neighbouring communities.



**Clean Development Mechanisms - CDM -**

The CDM is introduced as a new source of revenue and an opportunity to increase the rate of return of the eligible projects in developing countries so they can surpass some of the investment barriers that are so frequent in Latin America.

■ HR8  
■ HR2

**Voluntary Principles**

For Cerrejón, the Programme on Human Rights (DD.HH.) is very important, given that through this programme, the surrounding communities perceive a concern of the company so that the public force respects their rights and that their behaviours or conducts, do not go against the principles of the Universal Declaration of the Human Rights and of the Voluntary Principles, within an armed conflict or even in peace times. For the understanding of the issues related to Human Rights, the Company undertook a training programme focused on raising awareness, education and promotion of the Human Rights to the police, private security companies, native communities, community leaders and workforce of the Company, with the firm purpose of avoiding behaviours that can be considered as violations of the Human Rights and that, at the same time, by external situations to the Company, the name or image of the organisation could be compromised.

■ HR11  
■ HR3

In its first phase, the initiative was conducted through the Centre of Studies, Training and Analysis of DD.HH. of Costa Rica (CECADH), carrying out the task under the direction of Cerrejón. The exercise consisted on training activities in Human Rights DD.HH. and International Humanitarian law -DIH- to the different military units that are settled in the zones of influence of the complex.

The second phase of this initiative consisted on framing the efforts to sensitize the internal and external stakeholders in the recognition of the Programme. This task was carried out throughout seminars elaborated by the interested groups, keeping in mind cultural factors, which helped various groups to feel identified and closer to the topics. To achieve this objective,

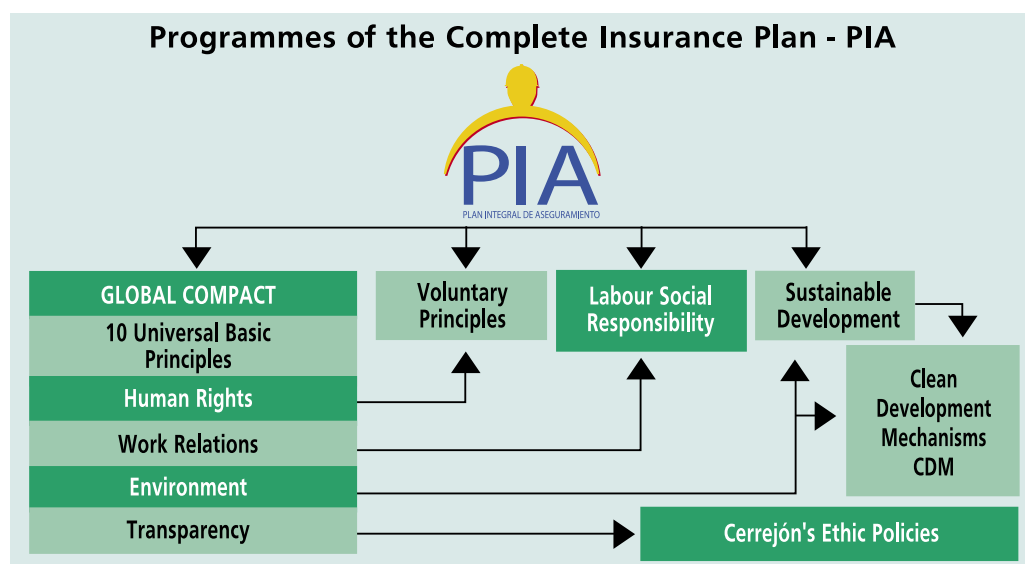


GROUP	PLACE	PARTICIPANTS	2005 TRAINING GOALS 2006
National Army	Guajira/Cesar	482	800
National Navy	Pto. Bolívar	22	-
National Police	Guajira	107	110
Other Organisations of National Security	-	40	45
Communities / Indigenous Leaders	-	150	150
Private Security	-	90	700
Cerrejón's Security Division	The Mine	50	50
Cerrejón's Community Division	The Mine	35	25
Cerrejón's Legal Department	The Mine	-	12
Civil / Governmental Authorities	-	-	100
<b>TOTAL</b>		<b>976</b>	<b>1992</b>

the programme had the contribution of the Colombian Red Cross and the International Committee of the Red Cross.

In line with the Company's Policies, Cerrejón and the National Government, through the Ministry of Defence, signed a cooperation agreement that included clauses of not supporting weapons or logistics of war, as neither in sponsoring or allowing the violation of the Human Rights or the Voluntary Principles.

### Global Compact



The Global Compact of the United Nations is an initiative of ethical voluntary commitment directed to the companies of all the countries that adopt as an integral part of their strategy and their operations, the ten Principles of Conduct and Action in matter of Human Rights, Work, Environment and Fight against Corruption.

Cerrejón is one of 2.000 international and 200 Colombian businesses that subscribed the Global Compact.

The objective of the Global Compact is to promote the creation of a global corporate citizenship that allows the conciliation of interests and processes of the business activity, with the values and demands of the society, as well as with the projects of the UN, international conglomerates, unions and NGOs.

### **Advance on the implementation of the principles of the Global Compact (Communication on Progress)**

#### **Application of the 10 principles of the Global Compact in Cerrejón**

Cerrejón has initiated the process of implementation of the ten principles of the Global Compact in its organisation that corresponds to the identification, analysis and evaluation of the policies and systems of management associated to its specific application, in this great business of the mining and energy sectors.

#### **Principle 1: To support and respect the protection of the internationally declared fundamental Human Rights.**

HR1

According to the policies exposed in the chapter of "Corporate Policies", in Cerrejón we are compromised with the respect of the Human Rights of employees, contractors, clients and the public in general.

With respect to corporate behaviour, this principle is reflected on the following guidelines of its policies of Health, Safety, Environment and Communities, as well as in the value of Civic Rectitude, one of the fundamental values of Cerrejón:

"Respect the fundamental human rights, especially those of native communities, preserving and fortifying its culture, identity, traditions and customs."

**"Civic rectitude:** We should be exemplary members of the community where we operate, compromised with its culture and with the principle of sustainable development."

#### **Prevent the displacement of individuals, groups or communities**

Cerrejón, in its plans of mining industry for the production of coal, has needed to extend the area of its operations toward lands where coal reserves have been identified; often in these lands there have been owners and/or possessors, it has been necessary to develop a process of acquisition of its lands and/or of its improvements to facilitate the resettlement



of its inhabitants. Cerrejón has revised their processes in the management of these cases, so that the integrity of the families and the cultural values of the communities involved are preserved. In the resettlement places, the agreements will continue being achieved according to the framework established by the Constitution and the laws of Colombia, and will be complied with the Guides for resettlement of the World Bank. For this, the Division of Communities and Lands has been developing a resettlement programme that complies with the national and international standards, in the protection of the human rights of the people affected.

### Training

Cerrejón qualified 14 people on the administrative level and 47 people from the operating and supervision level in a seminar hosted by the delegate of the International Committee of the Red Cross from the Valledupar office, where topic on Human Rights and International Humanitarian law were treated.

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*EXCELLENT INDICATORS GRI: HR1, HR2, HR3, HR4*

HR10

### ■ Principle 2: To avoid complicity in relation to Human Rights violations

■ "It is policy of Cerrejón to make its operations in a way that Human Rights of employees, contractors, third parties, clients and general public are respected, protected and promoted. The same policy is expected from the contractors who are responsible for the promotion, protection and respect of Human Rights in every region where their work or services are executed (see Policies section Pg. 31).



It is the responsibility of all and each one of the employees, contractors, third party involved in its operations and of the clients, to take the appropriate measures to avoid the behaviours or conducts that go against the principles of the Universal Declaration of the Human Rights, in the Voluntary Principles and in the Global Compact of the UN. It is not allowed to take retaliations against any employee or person that reports about these situations.”

To reinforce this aspect, in Cerrejón there are sessions of induction to the new employees and of refreshment to the personnel on the Company Policies, in which the theme of Human Rights is included. Furthermore, these policies are also available in the internal computer network of the company (Intranet).

It is absolutely clear that in the previous texts of the Human Rights Policies it is reflected how Cerrejón complies with the Principle 2 of the Global Compact. As an example of the fulfilment of this principle, the concept of the agreement Cerrejón–Ministry of Defence, which links Cerrejón with the public security forces and stipulates in the fourth article, the usage of resources, “the MINISTRY and the COMPANY agrees that the support and the goods that are donated will be used with strict subjection to the legal and constitutional order of the Colombian State, the Voluntary Principles, and any other international treaty of human rights and International Humanitarian laws ratified by Colombia.

In the same way, the parts of the present pact agree that in no case the support given by the company will be used for the purchase of materials or equipment of deadly nature. The Ministry compromises to use the equipments and materials acquired with the supports provided by the company only for the predicted protection in the first clause of this agreement and to only use the force when in the opinion of the commander of the respective military unit it is considered that the circumstances require it and always for the purpose of defending the civil population and the environment”.

Dialogue with human rights organizations

Cerrejón maintains open communications with different national and international organizations of human rights, among which outstand: GES, Green Network, Pressure Point, Fundación Ideas Para La Paz, and Delegates of Human Rights for the Presidency of the Republic.

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EXCELLENT INDICATORS GRI: HR2, HR3

HR5

**Principle 3: To support the freedom of affiliation and the effective recognition of the right to negotiate a collective work agreement**

LA13

“Cerrejón will not exercise any class of pursuit, pressure or discrimination by religious, racial,



regional, political, union involvement, nationality, profession, work role or place of work, as well as any another act that impedes the right of unionization or the union exercise (see Policy section Pg 31.)

Every person that exercise pursuits or discriminations of this kind will incur in the sanctions envisaged by the law”.

In Cerrejón the right of freedom of affiliation is reflected in SINTRACARBÓN, Union of Workers of the Coal Industry, who has its rights clearly stipulated inside the Collective Work Agreement 2005-2006 in chapter II.

In the same way, Cerrejón assures to all its workers the freedom of affiliation to the union allowing them to participate in the union without fear of intimidation or retaliation on behalf of the company.

**Sintracarbón**

In Cerrejón there is almost 3.000 workers affiliated and 600 people adhered to the union, adding up temporary and daily employees that conform the 80% of the total labour force.

■ LA3  
■ HR5

**Union negotiations**

The negotiations that are carried out with the union, prior to the firm of the collective agreement are the form intended to treat working conditions and terms of employment that finally remain written in the collective work agreement document (CCT).

■ LA15  
■ LA13



Cerrejón has signed with the union 11 agreements, of which 10 were given by means of a successful negotiation processes, by common consent among the parts (in 1990 the CCT was signed after a strike.)

The union is an independent organisation and, in this context, its members decide in an autonomous way to which organizations of higher levels they affiliate. In Colombia this union is affiliated to the CUT (Central Unit of Workers of Colombia) and in the international level they are affiliated to the ICEM (International Confederacy of Unions of Workers of the Chemistry, Energy, Mines and Diverse Industries).

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EXCELLENT INDICATORS GRI: HR2, HR3

HR7

#### **Principle 4: To eliminate every form of obligatory and compulsory work**

“Cerrejón seeks to promote a productive work environment, based on the respect to the people, the diversity and the receptiveness toward the ideas of each employee. To achieve it the company accepts the feedback, the different opinions, expressions of dissatisfaction or disagreements, throughout opportune, honest, adequate, relevant and clear open communications that give as a result a relation of mutual profit between the parties” (see the Policies section P. 31.).

As part of the Policies of Productive Work Environment, the Company specifically prohibits any form of harassment or annoyance by reasons of racial, ethnic, sexual type, or of any kind, by and toward the employees, contractors, suppliers and clients.

The accusations and concerns caused by the violation of these policies on the behalf

of an employee should be put into knowledge of their superiors, the Human Resources Manager or the division of Work Relations of the same department. Nobody must assume that the Company knows about a problem. All the cases will be quick and exhaustively investigated. The Company will treat all the accusations as confidential as can possibly be, divulging information only to those with need or the right to know it.

EXCELLENT INDICATORS GRI: HR 7

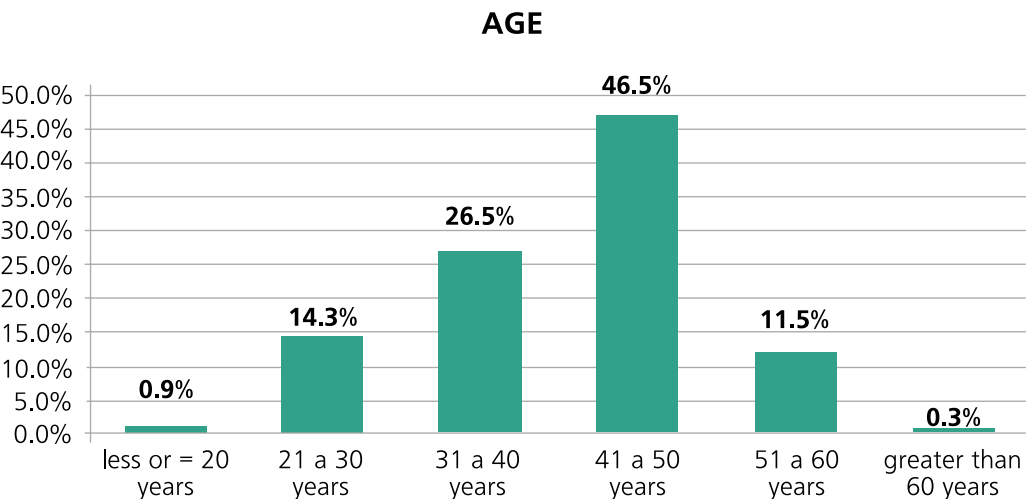
**Principle 5: To eradicate children labour**

“It is policy of the company to employ the personnel with the appropriate age to fill each position, respecting in all cases the limits established by Colombian Labour laws” (see Policy section Pg. 31).

Cerrejón, in its integrated operation of the Mine, Railroad and Port, is compromised with the eradication of children labour, respecting and promoting the rights of the children and the conventions of the International Labour Organization.

**Employees in payroll**

The youngest worker in Cerrejón is 20 or older.



■ HR6





### **The children labour in our community: Ayatajirawa**

Through the Foundation, Cerrejón develops the Ayatajirawa programme, directed to the native communities that live and work in the garbage disposal of Riohacha. With this programme it has been achieved that the 90% of children and women that depended directly on the labour activity of separating the solid residues in the garbage disposal of Riohacha, no longer have to perform this work and they can enjoy a worthier life. In the specific case of the children, they can use their time on recreational and educational activities. This is done as a contribution to the eradication of children labour in the community and in those external areas where Cerrejón exercises some kind of influence.

### **References**

As a backup to this principle, there is a resolution of the union that says: "The National Assembly of Delegates of SINTRACARBÓN clarifies, for whom is interested nationally and internationally, that in the mines of Cerrejón the coal is extracted with respect to the human rights, that there is no child linked to the production of coal, that the conventional and legal differences are treated in first instance with Sintracarbón."

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*EXCELLENT INDICATORS GRI: HR 6*

### **Principle 6: To eliminate the discrimination in the employment and the occupation**

LA10 ■ "It is policy of Cerrejón to provide equal job opportunities according to the applicable laws to every person who is qualified to perform a job. The Company executes these policies, programmes, and practices in a non-discriminatory way in all work related aspects, including recruitment, hiring, job assignment, promotions, transferences, terminations, wages, and training selection" (see Policies section Pg. 31).

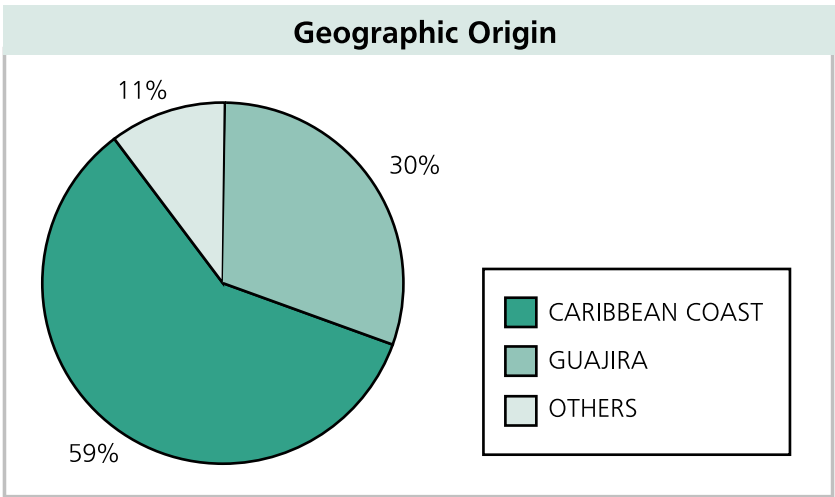
The managers and supervisors are responsible for the implementation and management of these policies, as well as for maintaining a non discriminatory working environment and for identifying and promptly resolving any problem related to the equality of opportunities for employment.

The people that consider that have observed or have been object of discrimination should report the incident immediately to their supervisor, to Management or to Human Resources. The complaints will be investigated and resolved. The Company will treat such accusations in a confidential way.

The people will not be subject of harassment, discrimination, intimidation or attacks by the exercise of their rights protected by this policy.

**Employees by geographical origin:**

The distribution of the employed labour by the Business shows that Cerrejón maximizes the use of the native and available human resource in the region with the following percentage distribution of employment.



INDICADORES RELEVANTES GRI: HR4, LA10, LA11

**Principle 7: To apply the approaches directed towards the prevention in the protection of the environment**

“Cerrejón conducts its businesses in harmony with the environment and the society, protects the safety and health of their workers and assures that its presence improves the quality of life of the communities on its areas of influence” (see Policies section Pg. 31).

Since the beginning, the business has developed meticulous studies considering all the environmental risks in all the zones of its operation. The system of environmental management is framed since the Company’s vision statement, standing out the fulfilment

of the highest standards of safety, health and environment and the development of its operations in harmony with the society (see System of Operational Integrity, Pg. 105).

### **Contingency Plan**

The main objective of the Plan of Contingency is to minimize any adverse impact on the environment or on human health and safety that is a direct consequence of an emergency, an accident or an unexpected event.

### **Reports of Environmental Management**

Cerrejón carries out monthly reports of operations and activities that are published in the Intranet available for all the workers. The content of the report contemplates a summary of the mining operations, including the resources utilized and the residues generated, and informs on the integral operational management system covering topics such as training, sensitizing and environmental education.

According to the reports presented, the environmental control programmes in Cerrejón comply exhaustively their purpose: the potentially adverse impacts have been minimized, and the open field operation of the mining industry, the management and transportation of the coal, as well as their shipment, are carried out in a responsible way in harmony with the nature and according to the current legislation.

### **Communication with the Stake holders**

Cerrejón maintains a permanent communication with its stakeholders, reporting periodically to them on the programmes and activities related to the development of the company in environmental issues.

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#### *EXCELLENT INDICATORS GRI*

### **Principle 8: To promote a greater environmental responsibility**

“Cerrejón develops a massive environmental plan of education with the objective of reinforcing the conscience on the commitment and the responsibility that everybody has in the conservation of the environment” (see Policies section Pg. 31).

### **Strategies for the promotion of the environmental responsibility**

- Seminars on sensitizing and environmental management issues to new and old employees, contractors and visitors from universities.



- Training in the integral management of solid residues.
- Development of social gatherings about various environmental topics such as: Management in soil conservation, forests and lands rehabilitation, management of special and regular residues, management and protection of fauna, quality of air, quality of the water and protection of water resources, management and disposal of chemical products and used oils.
- Publication of handbooks as support to the sensitizing and environmental management programmes.
- Broadcast of press bulletins about the 2,000 rehabilitated hectares and more than 1 million planted trees.

SO4

#### **Acknowledgements**

Cerrejón, through their management, has received a series of national and international acknowledgments that certify the Company as a responsible business in environmental issues. Among the acknowledgments received are:

- Ecological Prize, Medio Ambiente (Environment) Magazine, Santa Marta, 1995.
- Prizes of Ecological Photography in the Cerrejón Northern Zone, 1998.
- Exxon Mobil Corporate Acknowledgement to the Lands Rehabilitation Group, 2000.
- Meritorious Acknowledgement for the Lands Rehabilitation Programme (worldwide) by BHP Billiton, 2004.

3.20

Additionally, the company got certified by Bureau Veritas Quality International to comply with ISO 14001 and OSHAS 18001 norms in the month of November of 2003. This accredits Cerrejón as an organisation that controls its aspects and environmental impacts adequately, based on practices and procedures established in its System of Operational Integrity. The Lands Rehabilitation programme was recognized by the achievements obtained by Cerrejón in preservation of terrains (more than 23 million m<sup>3</sup> of ground and rehabilitation of more than 2,000 hectares intervened by the operations on mining industry), being constituted as a pioneering project in conceptual design, development of methodology, application of principles and criteria of sustainable development, and as a model to diffuse in the sector of the mining industry in an international basis.

#### **Efficient utilization of Resources**

In order to reduce the use of resources, Cerrejón has initiated the development of projects directed to this purpose:



- Energy savings
- Management of solid residues
- Water management.

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*EXCELLENT INDICATORS GRI:*

*EN.1, EN.2, EN.3, EN.4, EN.5, EN.6, EN.7, EN.8, EN.9, EN.10, EN.11, EN.12, EN.13, EN.14, EN.15, EN.16*

**Principle 9: To facilitate the development and the disclosure of respectful technologies with the environment**

“Establish appropriate communication channels to promote our Safety, Health, Environment and Communities programmes, and know the questions of the people on these topics.”  
(please refer to the Policies Section Pg. 31)

Cerrejón is committed with the international agenda regarding to the respect of the environment, facilitating the development and the diffusion of respectful technologies in order to achieve initiatives of sustainable development that contribute to the progress of the region.

The project of participatory research in productive agro forestry and silvopastoril systems has been developed. This permits to transfer the know-how and experiences via training and direct practice in the country to the communities of the environment.



### **Innovation**

Research is a constant element of all the business activity. Cerrejón is always looking for new and better ideas to make procedures more productive. In the environmental issue, it is sought that, through the innovation, systems are created to improve the efficiency in the use of resources, complying with the economic goals of the organisation.

### **Communication**

Through the internal and external institutional media Cerrejón divulges the results and benefits of the environmental programmes in the protection of the natural resources to its workers and all the general public.

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*EXCELLENT INDICATORS: EN 17*

SO2

### **Principle 10: Fight against corruption**

"It is policy of Cerrejón to follow strictly all the laws comprising its business. This policy does not end there: even when the law is relaxed, Cerrejón demands maximum integrity to perform all actions. Honesty is not subject of criticism in any culture.





We do not tolerate workers who get results by breaking the law or using unscrupulous methods. We don't allow reprisals against workers who inform about irregularities.

Cerrejón opposes completely to corruption. No bribes will be offered or accepted, and this policy will be exercised through a strict internal control system. The so-called "facilitating payments" are completely prohibited" (see Policies section Pg. 31).

### **Transparent communications**

3.19

Cerrejón, in its fight against corruption, strives to maintain a transparent communication with its employees, shareholders, government and communities, strengthening the culture of the organisation, establishing channels of interaction to facilitate the achievement of the corporate objectives, so that such communications are clear, relevant, adequate and opportune.

### **Hot-Line against fraud**

Inside the system of communications, it is important to emphasize that the Company has a 24 hour a day fraud accusation hot-line so that employees can report any irregularity.

### **Monitoring the royalties**

Cerrejón has been responsible for fortifying the public management to achieve a better management of the investments made with the public resources. For this reason, the company has developed the programme "Sembramos las Regalías", in order to avoid corruption in the destination of the resources originated from the royalties of Cerrejón's coal. It has built up a citizen's watch by means of an agreement between Cerrejón, General Comptroller Office of the Nation and the Departmental Comptroller Office.

Assuming a leading position in the corporate social responsibility initiative, Cerrejón shows again its constant commitment with the respect of the human rights, the fine management of natural resources and the permanent work towards the development of the communities in the zone of influence. This commitment will allow the company to be recognized nationally and internationally as a world class business, in line with the guidelines of the global market.

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EXCELLENT INDICATORS Gri: So 2





## SOCIO-ECONOMIC DIMENSION





## SOCIO-ECONOMIC DIMENSION

EC13 The word Coal has been mentioned frequently in the international raw materials markets for its importance to the country's economic activity.

SO1 In the context of the world primary energy resources, coal is one with the highest and fastest growth in the last years. Its consumption grew 6.31% in 2004, and 4.67% in 2005, while the total energy consumption grew 2.7% in 2005. The growth is due greatly to the use of coal in Asia, where it has increased at a sustained annual rate of 3.7% in the last decade.

In a local scope, coal activity is expected to have great impact on the productive system of the country and La Guajira given the infrastructure previously described.

MM1 In fact, in 1997 an investigation to evaluate the impact of Cerrejón [1] project was made to analyze the period 1984-1995 paying careful attention to the economical effect in the country and La Guajira, the social effects, the development of infrastructure and the institutional development of municipalities in La Guajira under the influence zone.

One of the conclusions of the study is that "for La Guajira, the Complex has represented a permanent increase of about 30% of its GDP, which has been reflected in a clear improvement of income, quality of life, education and health, transportation infrastructure, public services dowry, communal development and institutional strength." [2]

Following a similar methodology to the one used by Econometrics 1997, and looking to update the information up to 2005 in terms of the added value generated by the complex, an analysis was made about the paid wages that have incidence on the local consumption, the profits, taxes, and contributions, and the average consumption expressed in the purchase of national supplies and the contract for services Cerrejón has made during the operation. This analysis is complemented with the impact of Cerrejón on the country's and the department's GDP.

MM2

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1. *Econometría Consultores. 1997*  
2. *Ibid*

**The generation of the added value:** as we mentioned above, the added primary value of a productive activity can be analyzed measuring its components of wages, profits, taxes and contributions, and the average national consumption (purchase of goods and services contracted) as indirect average consumption.

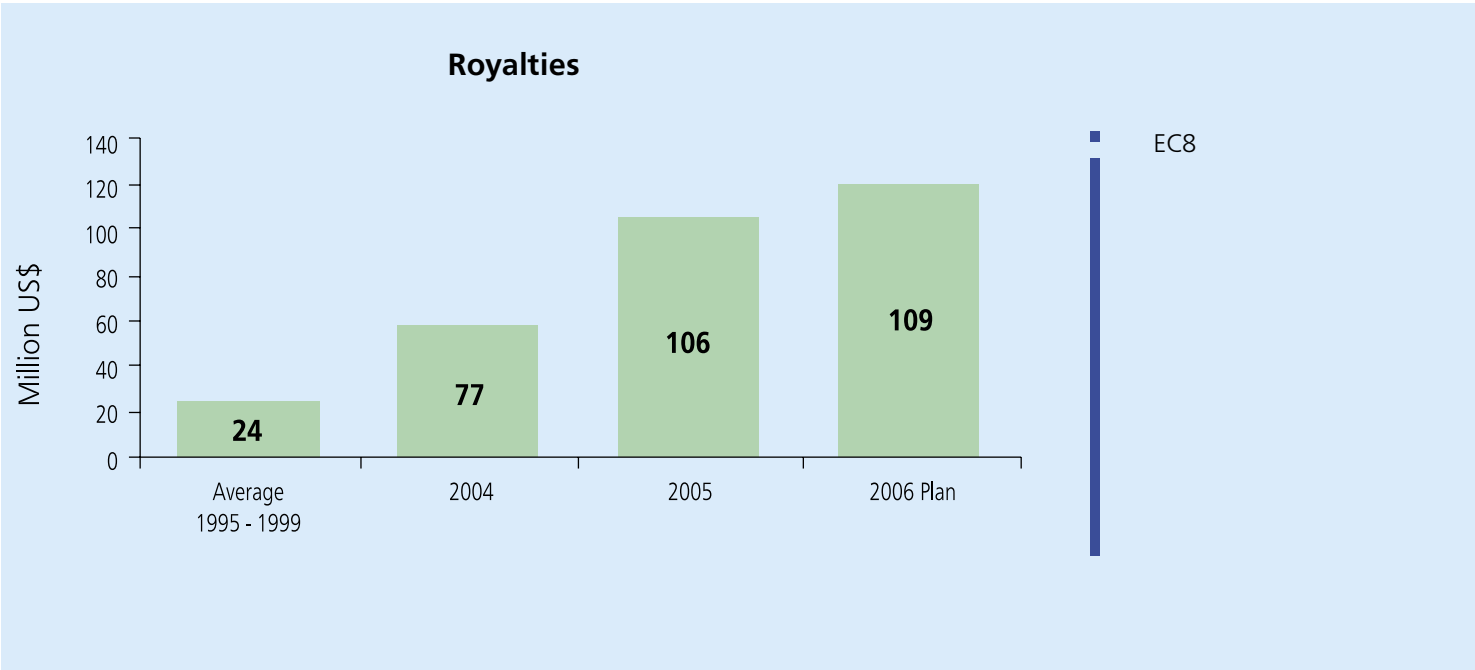
**Components of the primary added value**

**Royalities**

The royalties from the mining activity are essential resources for the development of the regions.

The royalties generated by Cerrejón have multiplied almost five times. From an average of US\$24 million during the 1995-1999 periods, they raised up to US\$106 million in 2005. These resources have changed positively the course of Guajiran history.

These royalties have been distributed directly to the department of La Guajira, the producer towns (Barrancas, Hatonuevo, Maicao and Albania), the port town of Uribia, and governmental entities at regional and national level: namely, the National royalties Fund, the Coal Development Fund, and La Guajira’s Corpes.



Among the departmental budget, the payment of profits is part of the income and is a great part of the fiscal structure.

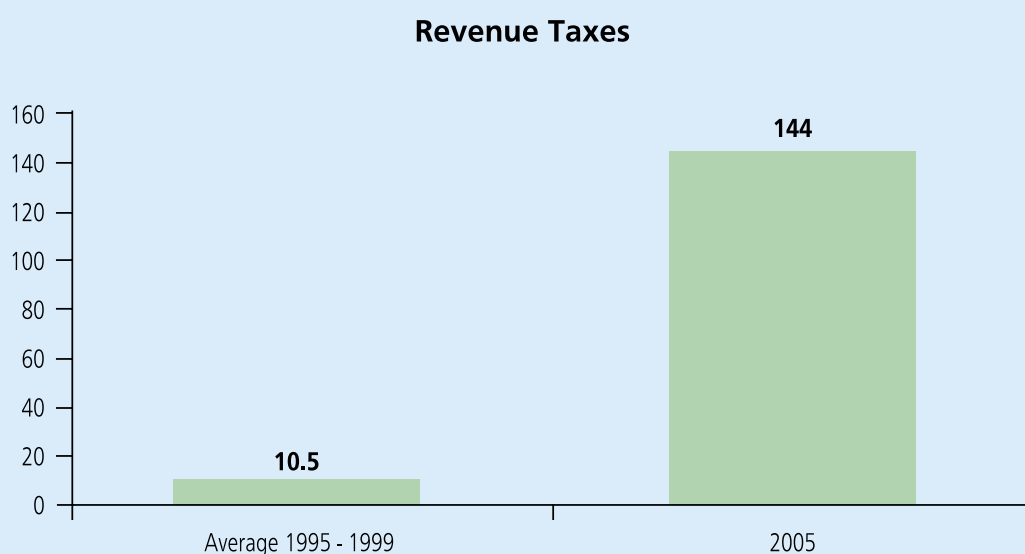
### Taxes

By the payment of taxes and other charges, the mining activity in the zone has generated important resources for the territorial and national government. Industry and commerce taxes, property, complementary, transit and stamp taxes are the most important payments.<sup>3</sup>

Another important payment is the income tax that works as a percentage of the Company's profit. The following figure shows the behaviour of this tax in the previous years, and how Cerrejón has become a high tax payer in the nation.

According to data from the Superintendence of Societies, companies from the coal mining sector are the first in the group of companies that paid more taxes in the last years. Cerrejón appears in the second place, above important oil and mining companies, reaching the 14% of the total paid by the 20 companies that pay more taxes in Colombia.

3. The taxes previously described, added from 1990 to 2002 reached US\$6.9 millions. 89% of that was paid to La Guajira and 11% to Barranquilla District.





### **Wages**

From 1984 to 2005, the quantity of US\$1.550 million has been paid in wages. Not considering the wages paid to contractors, this has resulted in one of the highest per capita income of the department, in the region and the country.

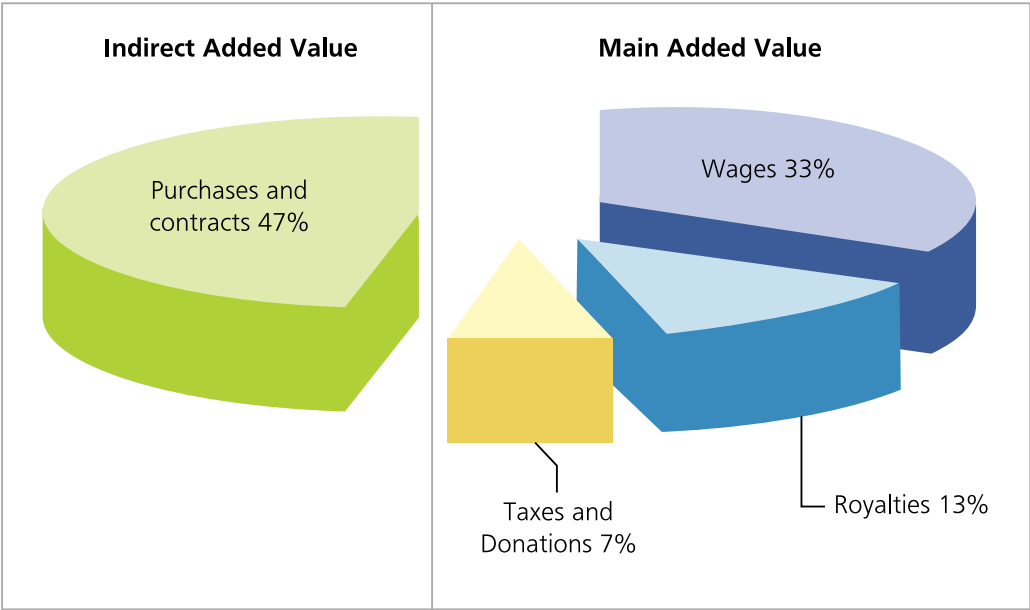
### **Average consumption (purchase of goods and contracts)**

The purchase of goods and services contracted in the same period reached US\$2.137 million. That has undoubtedly added up to the indirect added value for the department and allowed the creation of a new internal national demand, that wouldn't exist without Cerrejón.



Finally, 47% of this outcome corresponds to the purchase of goods and contracts that provided goods and services to the project, 33% corresponds to payroll. These payments have rewarded directly the human talent in La Guajira. The rest corresponds to the payments to the society in form of taxes, contributions, and profit payments.

**Economic Effect of Cerrejón's Operations  
1994 - 2005**



**Impact on productive activity**

Colombia cannot be compared to mining countries such as Peru, Chile, and Brazil in Latin-America. In those countries the mining participation exceeds 10% of the National Product. However, mining activities in Colombia and specifically coal mining have shown an important growth.

In the 1980s coal had a marginal participation among the productive structure of the country. However, the 1990s showed a change in this aspect, and the GNP from coal increase its significance until reaching 1.4% of the GNP in 2005, above the metallic minerals, and very close to the gas and oil production.

## YEAR 2005

Activity branches	% Participation in the Total GDP
Mining and Quarry Production	4.7
06 Soft coal and lignite disturbs (coal):	1.4
07 Crude Oil, natural gas, uranium and thorium minerals	1.9
08 Metallic Minerals	0.8
09 Other non metallic minerals	0.6
<b>Source: DANE preliminary data</b>	

*In La Guajira, the carboniferous activity has an utmost importance. Besides the mining sector, the Gross Domestic Product includes farming activity, the services sector, and in smaller measure industrial activities.*

## GDP of La Guajira year 2003. Last data available Millions of dollars at constant prices of 1994

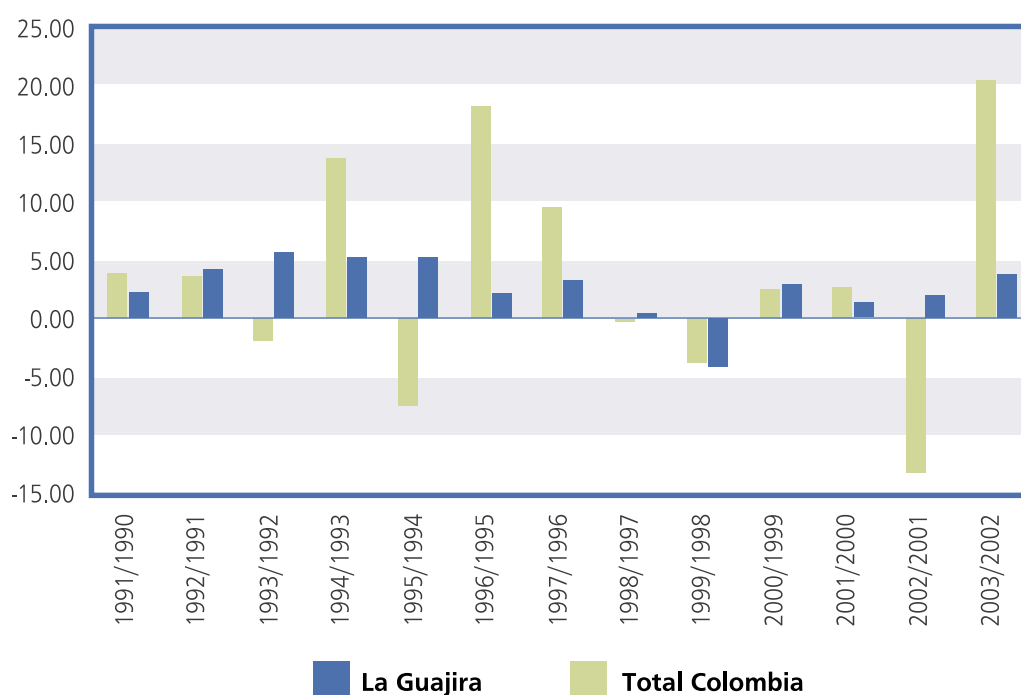
Sector	GDP	% Share
<b>Farming, Sylviculture and Fishing</b>	31	7.2%
Soft coal and lignite disturbs (Coal)	206	48.1%
Crude Oil, Natural gas	7	1.7%
Metallic minerals	-	0.0%
Other non metallic minerals	3	0.9%
Mining	216	50.7%
Electricity, gas, water and sewer system	34	8.10%
Industry	2	0.41%
Building	19	4.59%
Commercr	24	5.71%
Automotive, motorcycle, and items reparation	0.5	0.12%
Hospitality	6	1.38%
Transportation	12	2.76%
Services	81	18.86%
	-	
Less: Services of financial intermediation (indirect)	4	1.03%
Added Value Subtotal	423	98.81%
Taxes less subsidies on production	5	1.19%
Total Department GDP	428	100.00%
Source: DANE Department accounts		



The mining participation in the total economical activity has increased from 37% in 1990 to 48.1% in 2003.

La Guajira's GDP, led by the coal production from Cerrejón, is 1.26% of the national total GDP. Between 1995 and 2002, when the production and exportation of coal decreased, the departmental GDP shortened and its participation reached about 1% of the country's total BIP. In the same period, the average departmental GDP growth was 3.8% while the country's average was 2.68%.

### Growth of La Guajira's GDP and Total GDP



Growth of the GDP in La Guajira						
	Growth of the GDP	Growth contribution (in percent points)				
		Mining	Agricultural	Industry	Building	Services
1991	4.8	-1.8	0.3	0.0	3.2	3.1
1992	3.4	-1.2	-0.6	-0.1	-3.9	9.2
1993	1.7	4.3	0.8	-0.2	2.6	-5.8
1994	11.3	2.1	1.1	0.0	0.5	7.6
1995	-10.8	-7.5	0.7	0.0	-2.7	-1.3
1996	18.1	11.8	-1.2	-0.1	2.4	5.2
1997	9.5	8.0	2.0	-0.1	-0.5	0.1
1998	1.1	1.9	-1.9	0.0	1.4	-0.3
1999	-3.4	-1.9	-1.0	-0.1	-1.7	1.3
2000	2.6	4.1	-0.9	0.0	-3.3	2.6
2001	2.7	3.2	-1.2	-0.1	1.5	-0.8
2002	-12.7	-13.4	1.2	0.0	0.1	-0.6
2003	21.2	20.6	-1.0	0.0	2.5	-0.9
Simple Average	3.8	2.3	-0.1	0.0	0.2	1.5

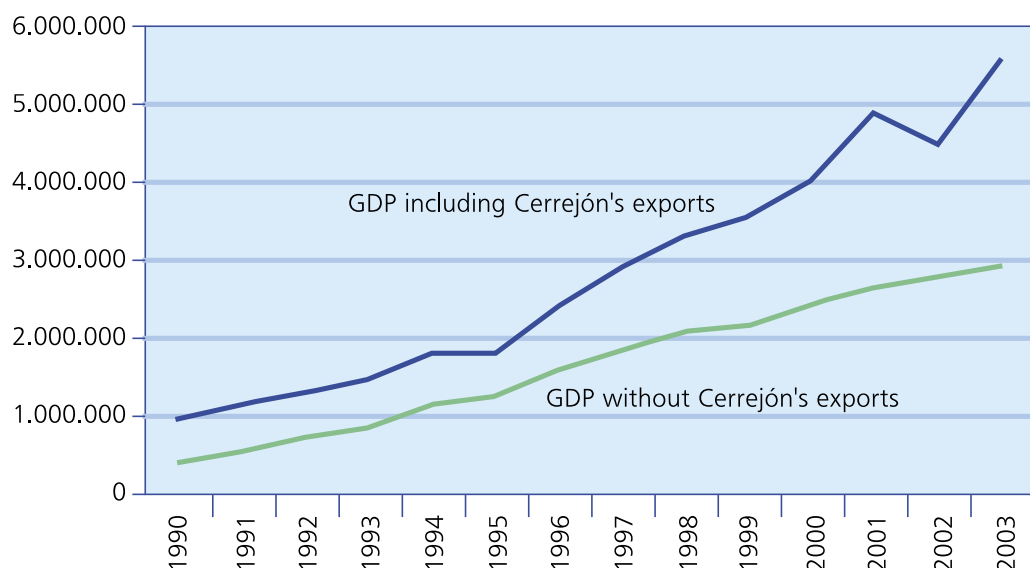
Source: Cerrejón's Calculations based on Dane Departments Accounts

The mining sector contributed with an average of 2.3 points from the 3.8% of the observed departmental growth. The agricultural sector presented a negative contribution, the construction sector contributed 0.2 points and the Services sector added 1.5 points.

Without coal participation, the economy of the department would have not grown the way it grew in the last years. Instead of growing at 3.8% in the 1990–2003 periods, it would have grown only 2.1%. This difference of 1.7 points in La Guajira's growing rate has been fundamental to secure its development, per capita income, and employment in the region.

This way, maybe the most interesting figure is the department's GDP per capita with and without mining operations. The following picture shows the result of that comparison.

### La Guajira's Gross Domestic Product Per Capita



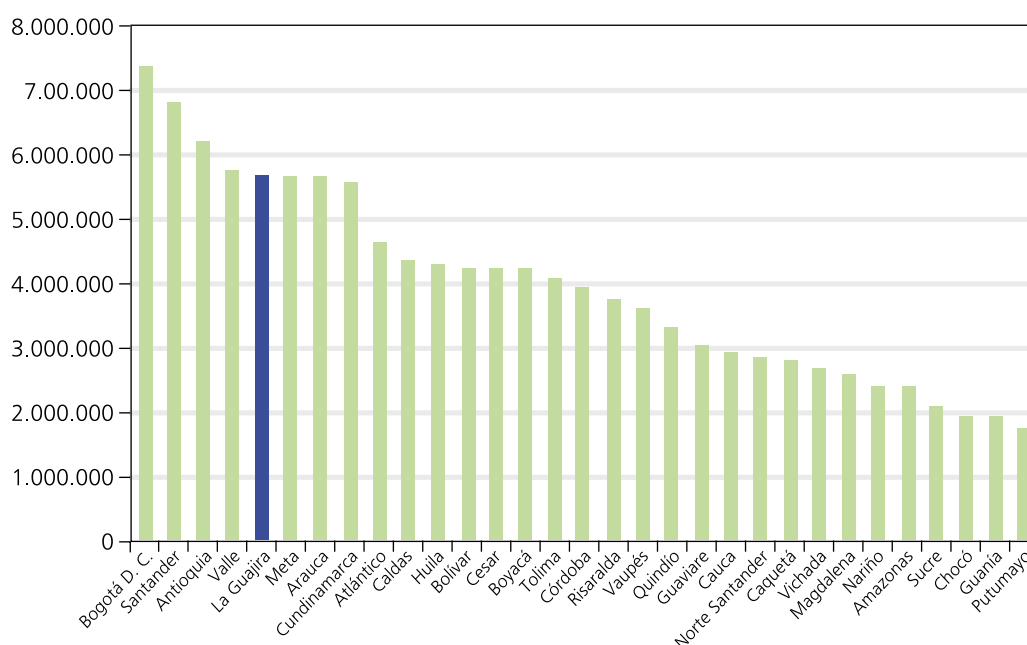
Source: Cerrejón's calculation based on Department accounts DANE

Most notably from the early 1990s the two series present two different paths. Cerrejón has made the 2003 per capita GDP of the Guajiran population reach about \$6 million (pesos), instead of just three. This means that La Guajira had an extra 52% in 2003 per capita income. That could not have been possible had there been no mining activity in the last decade.

If the Guajiran per capita GDP is compared within the national context, it is clear that it ranks in the top levels, above oil departments like Arauca, and mining departments like Cesar and Córdoba.



### Departmental Gross Domestic Product per Capita 2003



Source: DANE National Departmental Accounts

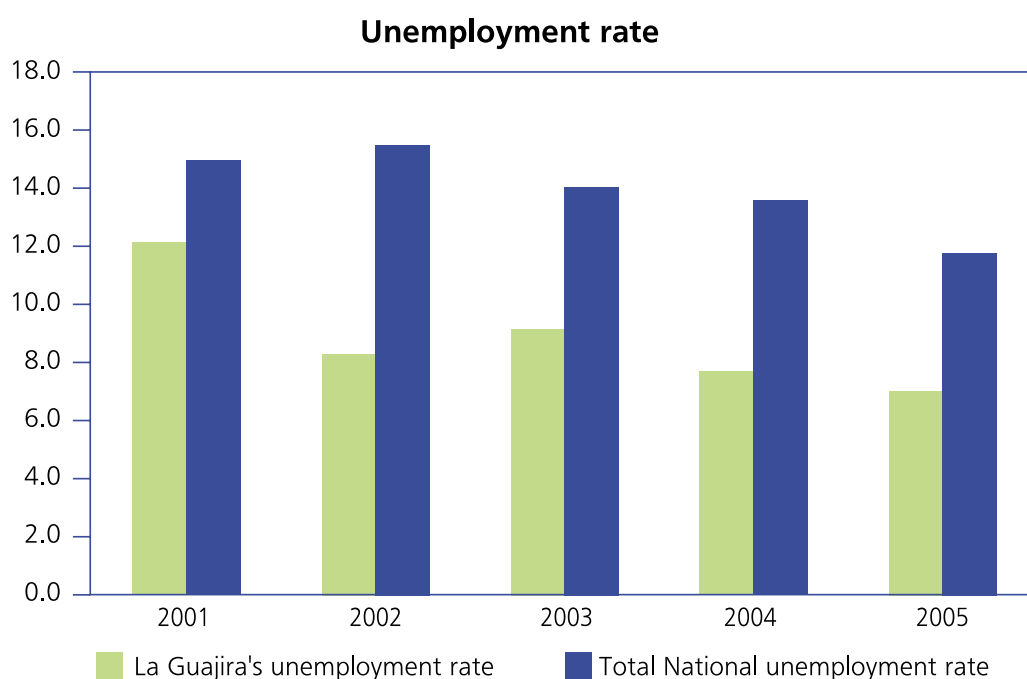
This positive impact on the per capita GDP is a coherent result to the Econometrics analysis for the 1984-1995 term, which confirmed a 30% constant increase of La Guajira per capita GDP with Cerrejón's operation.

In the employment field, the impact of the productive activity is important in the regional work market.

To satisfy the operational needs, Cerrejón used an annual average of 7.500 direct employees and contractors in the 1990s decade (95% of them inhabitants from the Caribbean region, with 70% of them from La Guajira department).

Given the multiplying effects on work generation that the consumption of goods and services has had on La Guajira and the rest of the country, an indirect employment figure of 30.000 people was estimated.

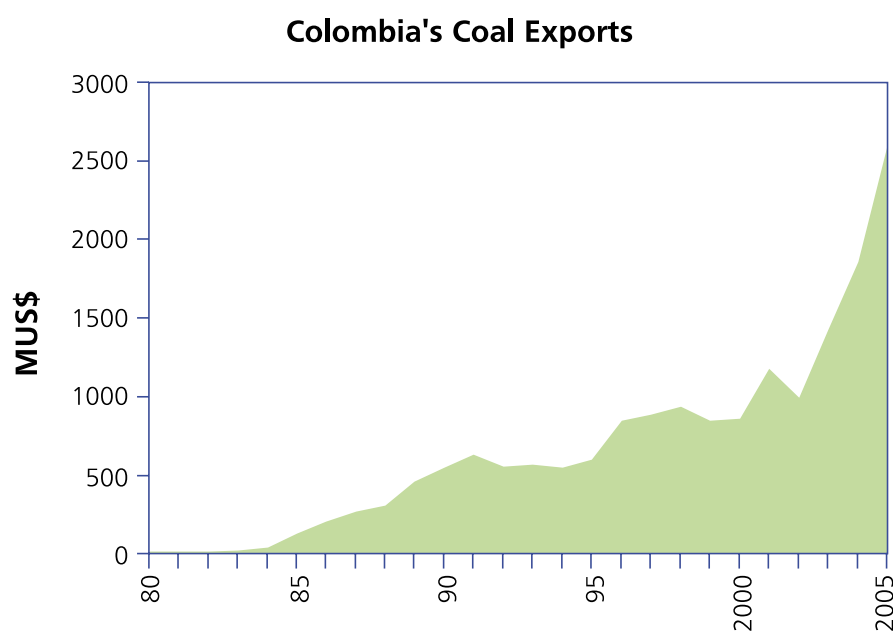
Due to this, La Guajira presents unemployment levels below the national average. And the last years this tendency is strengthened going from a 12.2% unemployment rate in 2001 to 7.1 in 2005. In the mean time, Cerrejón wishes to promote strategic productive sectors besides mining activities to make these figures even lower and generate more productive job posts.



Source: DANE

### Impact of coal exportations from Cerrejón

Coal mining has been one of the most dynamic growing and spreading sectors in the last years.



Source: Banco de la República

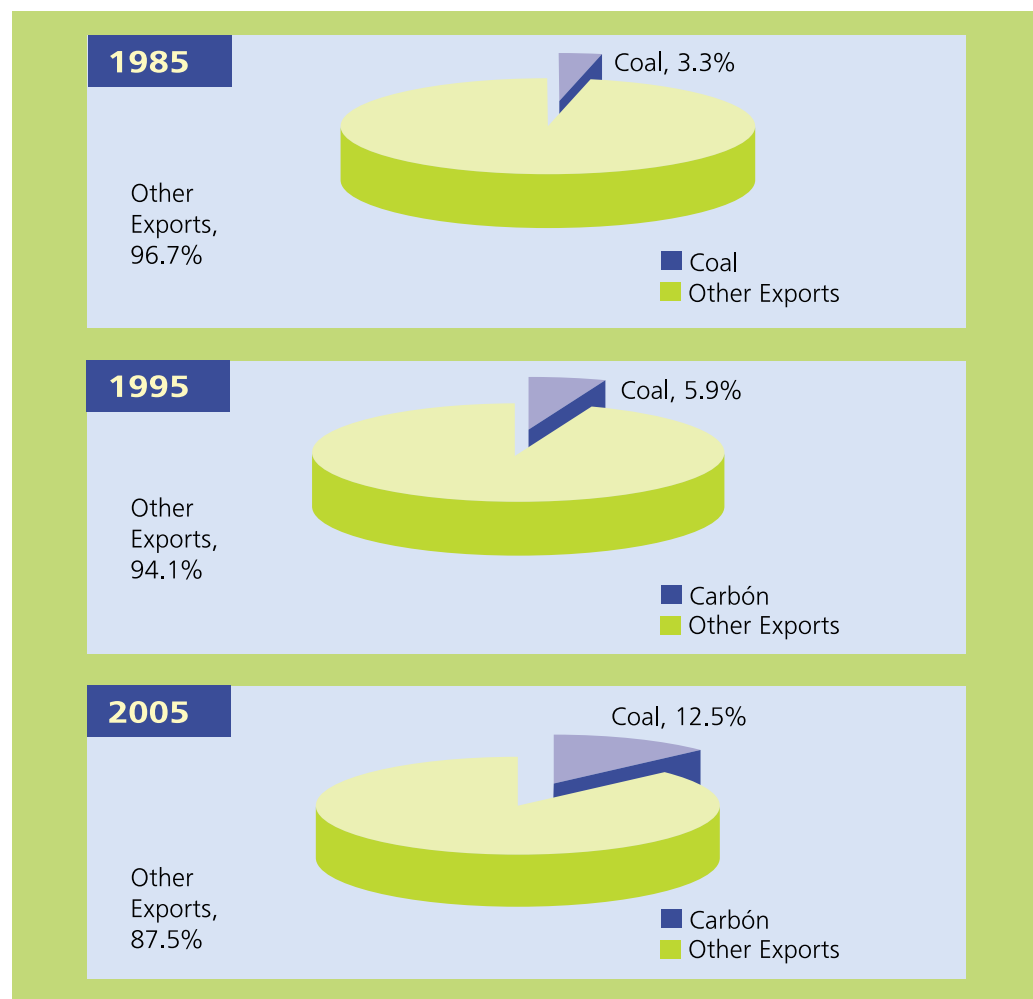


Colombia became known as a relevant coal producer in the second half of the 1980s with the development of El Cerrejón complex in La Guajira. It continued growing in the 1990s (Drummond's operation started in this decade in Cesar), and has consolidated as one of the biggest exports sector of the country in the 2000s.

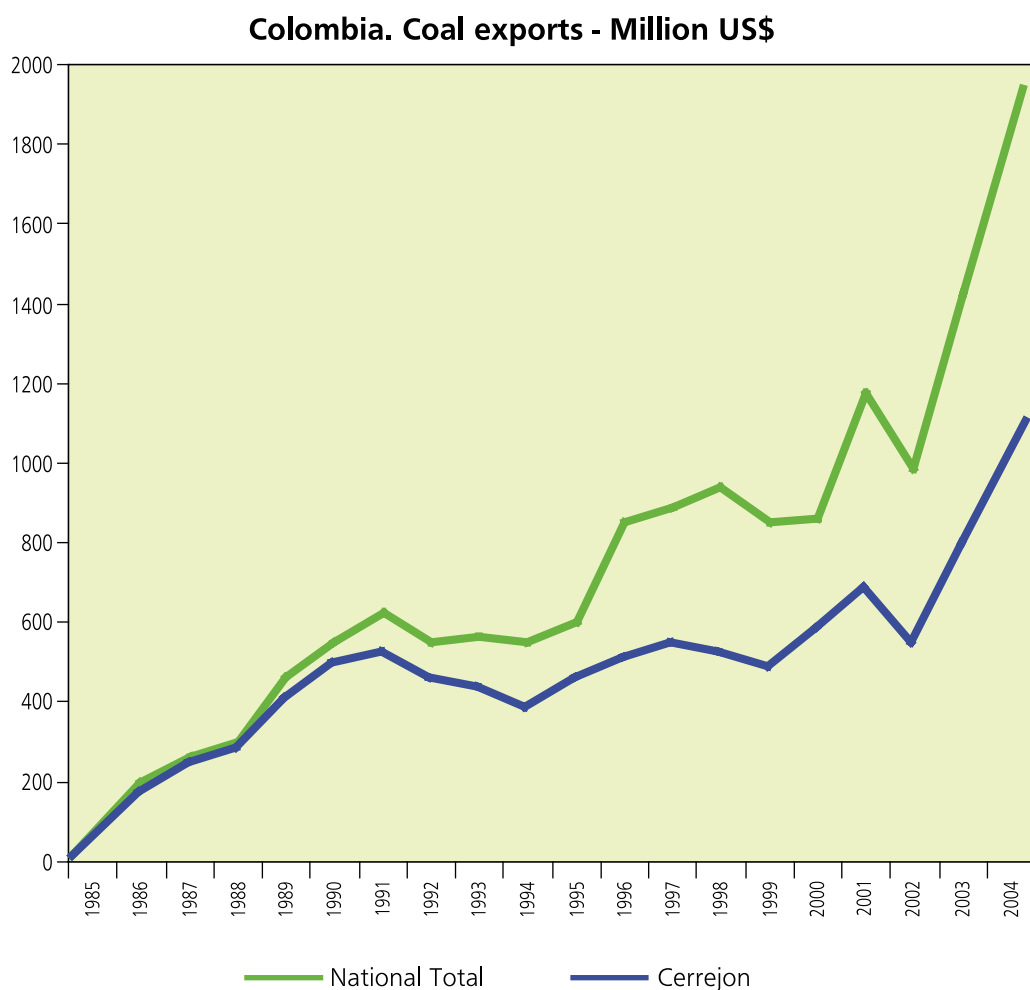
By the year 2005 coal exportations of the country exceeded US\$2.500 million, which is a record for the mining industry of the country.

In the same way, the presence of these exportations has been increasing significantly. In 1985 they represented 3.3% of the total exports, in 1995 the figure had increased to 5.9%, and in 2005 it was 12.5%.

### Percentage of the Coal Exports in the Total Eexports



Nowadays coal represents the second most important export figure after oil. Coal represents 21% of the traditional national exports and 12.5 of the total exports.



In the mean time (2006 – 2009), the exports are expected to increase significantly, reaching around 55-60 million tons in 2008.

Due to planned expansion projects, coal exports will have dynamic and significant growth rates among the traditional exports. According to Banco de la Republica, there will be an increase of 8.4% until 2001, while coffee exports will grow marginally, and oil exports will recover by the end of the decade.

La Guajira activities will increase exportation until reaching 32 million tons in 2008, and several scenarios have been considered for this production increment. According to the information from Banco de la Republica, coal will keep its participation at about 12% of the total exports of the nation.



## SOCIAL IMPACT

3.17

The mining operation in Cerrejón presents the best results regarding the positive impact on the social well-being of society under its influence zone and in all the department of La Guajira.

There are many ways of “measuring” the concept of well-being. A traditional one is the satisfaction of the basic needs of a region or country. The methodology used here is known as UBN (Unsatisfied Basic Needs). The more unsatisfied needs a population has, the poorer it is considered.

According to this, a household has UBN if one of the following factors is present: 1) House built with inadequate materials. 2) House with inadequate aqueduct and draining services. 3) High economic dependence, or when one of the kids between 7-11 years does not go to school.

The index of unsatisfied basic needs identifies the amount of people or households with one or more of these unsatisfied needs that are incapable of surviving in the society to which the household belongs. This index considers infrastructure and is complemented with the indicators of economic dependence and school assistance.

The impact of Cerrejón on the UBN was measured in a study by Econometrics 1997. Based on the 1973, 1985 and 1993 census, the study concluded that “the department of La Guajira is, after Atlántico, the coastline department with less UBN index”.

After 1993 the UBN information by department is incomplete, and it is necessary to wait for the final results of the most recent census in the country. However, information from some individual social variables related to educational factors warns that La Guajira must work harder since most of the department’s schools rank low in the National Examinations, and the primary and secondary school coverage has decreased in the last years.

As a contribution from Cerrejón to educational development, the CREM (Municipal Educational Resources Centre) was established in Fonseca municipality, working with the



highest educative standards, and the best possible equipments in laboratories, libraries, and technical resources. Besides providing specialized education it is linked to the needs of the community and the region, leading the advances in science and technology.

Cerrejón also created the “Excellence Scholarships” that provide the necessary funds for the best high school students’ further education, in order to become a valuable human resource for the region.

In the health field, Cerrejón built the Barrancas Hospital, a level II Hospital that covers the health needs of the entire department.

Cerrejón supports the Guajiran micro-companies with soft development loans that have helped to consolidate several small-scale productive activities in the region.

Cerrejón will be committed to support the development of La Guajira, and we are sure that this will be reflected in the well-being indexes of the recent census.

## **Conclusions**

1. Cerrejón’s operation represents more than 48.1% of La Guajira’s productive capacity.
2. Cerrejón’s operation has a positive impact on the growth of the Guajiran economies, making it raise at an average rate of 3.9% in the last decade, obtaining per capita



incomes higher than other regions of the country. This growing level would not have been possible without the presence of Cerrejón. In fact, Cerrejón's activity has demonstrated to improve the GDP per capita on 52%.

3. Coal exports experienced a structural change from 1985, beginning of the operations of Cerrejón. This structural change has been maintained through a permanent impact through the years.
4. The primary and indirect added value generated by the coal exports has been reflected on goods purchase and services contracts. 100% of the contracts in 2005 were paid in full accordance to the established conditions. This helps to maintain a dynamic generation of needs for the services in the region and the country that would not exist without the Cerrejón activity.
5. Unemployment levels in La Guajira are below the national average. Due to the direct use of human force in La Guajira and the multiplying effect of the operation, an indirect work force has been generated and became important for the mining complex. According to the expected expansion, the Guajiran need of services and goods will increase, and this will lead to the creation of more job posts.
6. Social indicators show a general tendency to improve, even though they are slightly below the national average. In some cases they are similar to the ones of the mining departments. However, and even though there is a lot to do, Cerrejón and the regional

authorities have started steady projects to improve the life conditions of the Guajiran population. Fonseca's CREM, Excellence Scholarships, Barrancas Hospital, the support to micro-companies with soft loans and many other projects are the proof that Cerrejón is committed to the development of La Guajira.

7. In Cerrejón's vision, coal should be the heart of Guajiran economy. It must be embodied in the productive apparatus in a dynamic way as a modernizing factor of technological change. This important resource must be driven based on a long-term perspective. That's why the use of future profits must be done strategically since they are a huge source of wealth. To achieve this, Cerrejón works to be an active agent in the institutional process of future decisions. The creation of the Profits Control and Surveillance Committee, as well as the citizen's surveillance, are incentives from Cerrejón and the national control organisms, together with the Guajiran society, to ensure the proper investment of the department's resources.

## THE VALLEJO PLAN

The Vallejo Plan is a regimen that allows importing raw materials, goods, spare parts and intermediate goods on a temporal basis into the national customs territory tax-free or with low tax rates when they are needed to produce exportation goods, offer services directly related to the production or exportation of such goods. Cerrejón gets some benefits from this plan.

EC9

## MAIN INDICATORS

EC1

CERREJON FINANCIAL INDICATORS	2004	2005
Production (Million tons)	23.7	26.0
Paid royalties (Million pesos)	110.245	255.676
Exports (Million tons)	22.7	25.5
Currencies (Million Dolars )	603.6	1.138
TAXES	2004 (M\$)	2005 (M\$)
Taxes paid to the nation	353.398	346.331
Taxes given to La Guajira	2.102	1.830
	2004 (MUS\$)	2005 (MUS\$)
Materias primas/repuestos/suministros	150.690	207.646
Servicios contratados	46.139	56.749
Utilidades retenidas	262.658	447.445

EC8

EC3

EC7









## RELATIONSHIP WITH OUR STAKEHOLDERS



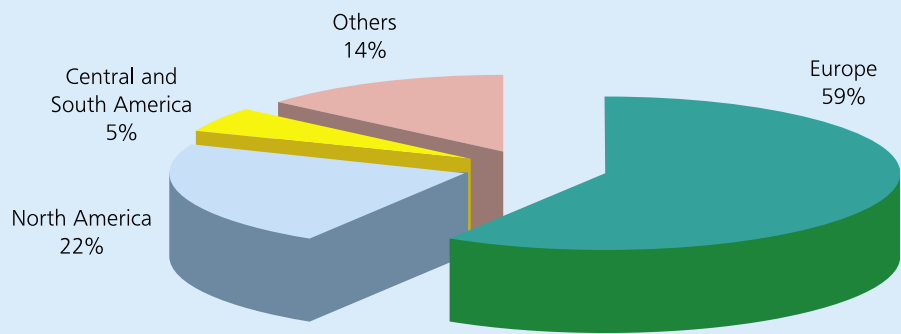


## RELATIONSHIP WITH OUR STAKEHOLDERS

### Our clients

- 2.7
- Cerrejón’s coal production is exported entirely. Its main market is Europe (including the Mediterranean), North America and the Far East. More than 95% of our coal is used generating electric energy, and the remaining 5% is used in cement and steel industries.

### Exportations



EC2

Destiny	Quant. (Mt)	%
Europe	15.1	59
North America	5.5	22
Central and South America	1.3	5
Other	3.6	14

### Client’s satisfaction

Cerrejón acknowledges client’s satisfaction as of vital importance for its success in the coal business. Being aware of its responsibility with direct clients and resellers, the Company makes an effort in understanding their requirements, and in solving their needs in the most effective way.



### **Ways of satisfying the client's needs**

Coal from Cerrejón is marketed through Coal Marketing Company, who delivers it to several clients, mainly in Europe and the United States. Cerrejón offers technical support to Coal Marketing for the external clients.

In this way, Cerrejón makes about four visits every year to external clients to make combustion tests in their facilities, to evaluate coal performance, discuss technical issues, and solve questions related to enhance the use of the mineral.

On the other hand, a permanent contact is held between the marketing company and the clients. The client's needs are transmitted through the routine communications between the

PR8

two companies, Coal Marketing Company and Cerrejón. As a result of this interaction, the appropriate measures are taken in the mining field to improve the final client's satisfaction.

### **Our Products**

The usual coal from Cerrejón is a non-washed product, with low sulphur, from mineral layers with a thermal power ranging from <10,000 BTU/lb.\* up to >12,100 BTU/lb. The products of 6,000 Kcal./Kg.\*\* (~11,350 BTU/lb.) or less contain more than 11% ash (usual), while for products with values higher than 6,000 Kcal./Kg., ash content is about or below 10%. The content of volatile material in Cerrejon's coal is between 32% and 34%, while the total sulphur is less than 0.85%.

Coal from Cerrejón is, taking into account the carbon and energy contents, of high level, bituminous type, with high content of volatile material, low ash concentrations, and low sulphur. These qualities make it attractive for countries with very strict environmental regulations.

\*BTU (British Thermal Unit)

\*\*Kcal. (Kilocalories) Kg.

### **Quality certification**

- PR1 ■ The quality of the grinded coal is measured by the analysis of samples taken by an automatic tester. Before loading the coal into the train and in a period of time inferior to two hours, the quality of coal is determined by fast laboratory tests.
- PR2 ■ Once the coal is in the port, it is stored and delivered in a way that ensures its quality will not vary. A certified testing plant, operated by an independent operator, is used to certify the quality of each delivery.

About 90% of the quality for Cerrejon's shipping is determined in Puerto Bolivar by an independent inspector, according to means and procedures universally accepted. For the remaining 10% the analysis from Puerto Bolivar and the unloading port are used.

### **With our neighbours**

In the following chart we detail our target groups, the characteristics of each one of them, the way we relate, topics of interest, and some results achieved during 2005.

INTEREST GROUPS-STAKEHOLDERS	CHARACTERISTICS OF THE AUDIENCE	RELATIONSHIP METHODS	PROPOSED INTEREST TOPICS	COMMITMENTS RESULTS
Employees	<p>Cerrejón's workforce is made up by</p> <p>4.424 direct employees</p> <p>3.877 contractors</p> <p>2.696 natives from La Guajira</p> <p>47 are women</p> <p>83% technicals and operators</p>	<p>Direct communication through the following Natural Group mechanisms:</p> <p>Team Building, Corporate Acknowledgment, Annual meetings with the Presidency, Annual end-of-year event.</p> <p>This process is complemented with the following media:</p> <p>internal magazine, informative video, boards systems, radio station, intranet, departamental bulletins.</p> <p>This media are periodically evaluated through surveys.</p>	<p>Operational Integrity System topics are treated here.</p> <p>Also plans and benefits from the company are discussed here.</p>	<p>Visits of employee's children to the Mine facilities.</p> <p>Improvement of the contents of the institutional media.</p> <p>Improvement and re-release of the Corporate intranet site.</p>
Sintracarbón	National Union	Control of conventional catering and transportation rights.	Respect to the treaties on topics related to catering and transportation.	Inter-Union commissions on catering and transportation.
Family of the worker	Relatives	Integral Wellbeing attention centers (CABIS)	Safety, personal and familiar growth, coordination of sport clubs.	Commitments and treaties on habits and behaviours being followed.
Military activities	Secretary of Defense	Direct contact - reunions - visits, telephonic conferences:-	Cooperation / treaties for the protection of the operations. Permissions of importation and boughts. Accesories supply, overflies of Cerrejón's, third parties, LMN and PBV airport aircrafts, cooperation with research, training, towing, naval permissions and paperwork, relationships with Puerto Bolívar's headquarters.	Support to the protection of the installations.
Local authorities (Riohacha, Uribia, Maicao, Barrancas, Albania, Hatonuevo, Fonseca, and Distracción mayors and secretaries	Public workers in charge of the administrative action of the social entity	Work meetings, written communications, periodical visits.	Support to social projects, situations, special indigenous, educative projects, prevention programas, re-settlement management.	Commitment from the company to the development of social projects, health missions, institutional support, inter-institutional treaties, economical support of projects.
Providers and contractors	National and foreign companies that provide goods and services.	Periodical meetings with major providers to make improvement action. Monthly meetings with the shareholders to discuss topics of operational integrity, and continuous administration meetings. Every two years a meeting is held to review Cerrejón's policies.	Improvement opportunities, IO and technical performance, material delivery times, etc., purchase and contracts clear and transparent processes.	Decrease in the delivery times. Improvement programmes in IO. Performance improvement.
Shareholders	HSEC comptrolling, report of all the departments	Quarterly control visits, monthly reports.	Health, safety, environment, communities, project approval, policies and resources, comptrolling.	Improvement plan according to Comptrolling reports. Adequate response and mutual commitment.
Massive media	Journalists, media directors from local and regional media.	Bulletins and press communications, press conferences, academic events and public acknowledgement.	All the interest topics for the community, specially those having direct impact on the community.	Weekly press bulletin release. Annual academic event sponsoring. Celebration of Journalism Award.

2.9  
3.9  
3.10  
3.11  
3.12

3.15

#### **Membership to associations**

- National Business Association of Colombia, ANDI
- Foundation Ideas for Peace
- Colombian Mining Association, Asomineros
- Caribbean Entrepreneurs' Association for Professional Training, AFEMCA
- Business Alliance for Secure Commerce, BASC
- Colombian Soldering Association
- Colombian Engineers Association, ACIEM
- Colombian Human Action Association, ACRIP
- Gas and Energy Chamber
- Latin-American Railway Association

3.14

#### **Commitments and alliances**

According to Cerrejon's philosophy of being an excellent legal entity where it operates, we have committed ourselves on a voluntary basis to several programmes, principles, and projects:

The Company is member of the World Coal Institute-WCI, a non-profit and nongovernmental association formed by companies of the coal community. The WCI promotes coal as a strategic resource, essential for a modern quality of life, as a key factor to sustainable development, and an essential element for a greater energy safety.

The Company has joined the United Nations Global Compact (April 2004), in a voluntary ethic commitment, following the initiative that entities from all the countries should adopt the ten principles of action and behaviour in Human Rights, Work, Environment, Fight against corruption, as an integral part of their strategies and operations.



## Awards

- Premio Iberoamericano de la Calidad en la categoría empresa privada grande - Iberoamerican Quality Award to large businesses.
- Premio Colombiano a la Calidad en la categoría Gran Industria - Colombian Quality Award for the large industry.
- Premio Cruz Esmeralda del Consejo Colombiano de Seguridad - Colombia's Safety Council Emerald Cross.
- Premio Nacional de Ecología "Planeta Azul" - National Ecology Award "Blue Planet".
- The Council of the city of Albania acknowledged Cerrejón for its important social support to the city.
- The municipal administration of Barrancas awarded Cerrejón the "Gran Orden del Carbón - Coal Great Order" for its several social and communal services to the Guajiran population, especially to this municipality, stating Its Importance as a protagonist in the forty years of history of Barrancas.
- The Ministry of Social Protection and the Colombian Institute of Family Welfare (regional centre in Rioacha) acknowledged Cerrejón Foundation for the effort, team work, and economic support to improve the quality of life of the kids and families from Riohacha.
- In November 2005 the First Binational Meeting of Ethnoeducation awarded Cerrejón for its support to the Intercultural Bilingual programme.
- The "Karratza de Oro" - Golden Karratza medal was given by the city of Maicao for Cerrejon's Social Work in La Guajira.
- The Departmental Assembly awarded Cerrejón a Medal for its 20 years in micro company programmes.





- Medal to Cerrejón for Social Work in La Guajira during forty years from:
  - Guajira's Governor - Cruz Almirante Padilla
  - Departmental Assembly - Orden Luis A. Robles
  - Representatives House - Orden Cruz Comendador
- Acknowledgement for the Social Work in Fonseca, construction and dowry of the CREM - Medalla Higuito de Oro.
- Acknowledgment for the greater Social Work B.S.A. from the British-Colombian Chamber of Commerce (England)

### Providers

- MM1 MM2 Cerrejón holds in storage more than 80.000 items, mostly dowry, spare parts and consumption goods. The amount of contracted services reaches U\$91.9 million. The services and hardware department administers the processes related to the acquisition of goods and services the Company requires for all its activities, and the relationships with providers, contractors, and buyers of exceeding material.
- EN33 There is a monthly meeting with the representatives of contractor companies that is oriented to analyze and review everything related to the Operational Integrity System. Additionally, every two years a meeting with the providers is held where we freshen up Cerrejón's policies.

### Who do we buy from, by countries and regions

88% of our purchases are made in other countries, since our main supplies (which are the most expensive) come from North America. Among these supplies we can count heavy machinery, and the tyres for the mining equipments. The other 12% is made up of national acquisitions; this reached U\$49.4 million in 2005, including the oil supplies.



## PURCHASES AND CONTRACT NUMBERS IN USM\$

EC4

EC11

	INTERNATIONAL	NATIONAL	GUAJIRA	TOTAL
<b>PURCHASES</b>	372.5	49.3	0.1	421.9
<b>DISTRIBUTION %</b>	88%	12%	0%	
<b>PURCHASES PER COUNTRY</b>				
EE UU	223.8			
CANADA	75.4			
COLOMBIA	49.4			
GERMANY	28.6			
JAPAN	17.9			
NORWAY	16.8			
CHILE	3.7			
AUSTRALIA	2.9			
OTHERS	3.4			
<b>SUPPLIERS WITH THE 10% OR MORE OF THE PURCHASE TOTAL</b>				
GLENCORE	102.9			
HITACHI	72.4			
MACHINERY CORPORATION OF AMERICAN	47.1			
PURCHASES OF RAW MATERIALS	132.9			
PURCHASES OF OTHER GOODS	289.0			
TOTAL	421.9			
<b>COST OF HIRING SERVICES</b>	<b>INTERNATIONAL</b>	<b>NATIONAL</b>	<b>GUAJIRA</b>	<b>TOTAL</b>
<b>CONTRACTS</b>	8.7	76.1	7.1	91.9
<b>% DISTRIBUTION</b>	9%	83%	8%	
Glencore is supplier of Gasoil for Cerrejón.				

The raw goods inversion in 2005 reached U\$132.9 million, including ammonium nitrate, explosives, and fuel. Other purchases included spare parts and equipments by the amount of U\$ 289 million in 2005.

In relation with the contractors, 83% corresponds to Colombian companies, though they are not home located due to the required high specialization. The expenses in La Guajira were U\$7,1 million, which is 8% of the total spending.





## RELATIONSHIP WITH EMPLOYEES





## RELATIONSHIP WITH EMPLOYEES

Our Vision's milestone and permanent commitment is to promote the participation, development, and excellence of the workforce. That's why we provide the mechanisms and conditions for a productive and safe working environment where our employees can develop themselves growing personally and professionally. In this chapter we present a summary of the main programmes and indicators.

MM12

### OPERATIONAL INTEGRITY SYSTEM

The System of Operational Integrity is made up of 15 elements that cover all the aspects a Working Plan must have in Safety, Health, Environment, and communities, to prevent, ease, eliminate or control the risks related to each of these areas. Cerrejón has been certified with the ISO 14001 and OHSAS 18001 norms by Bureau Veritas Quality International, which confirms our quality controlling adequately our risks in Safety, Health, and Environment, confirming that our System of Operational Integrity in the Company is solid, well structured, and responds to the operational needs.

Cerrejón is the tenth company of the country, and the first mining company in Colombia that receives these international certifications.

LA5

### Safety

A top priority in Cerrejón is the design and continuous exercise of control and prevention measures aimed at protecting the workers and contractor's safety as well as maintaining a risk-free operation. We work continuously on training the employees at using all the safety tools as PPABC and the AST.

LA7

INDICATORS	2004	2005
Casualties	1	0
Non-fatal incapacitating injuries (Lost time and restricted work cases)	35	38
Medical treatments	42	41
All injuries	139	162

## Occupational Health

During 2005 Cerrejón continued the reinforcement of its occupational health and safety programme through the coordination of preventive medical services and the attention of potential working illnesses, work accidents, and emergency reaction. We also practice programmes on epidemic control, and exercise protection and control activities aimed at controlling the health risks directly related to our activity.

LA14  
MM13

We have regular medical examinations, and offer prevention programmes on ergonomics, alcoholism, drug use, mental health, respiratory health, and healthy life styles.

Work and preventive medical activity	2004	2005
Pre-laboural exam	554	664
Retirement exam	75	58
Regular exams	3.131	3.264
Occupational exams	736	930
Auditive acuteness exams	3.609	3.264
Visual acuteness exams	3.472	3.849
First Aid Cases	6.937	5.330
Auditive, respiratory, ergonomic and AIDS campaigns (people)	23.287	2.130
Mental health and drug dependance campaigns (people)	1.214	814

LA8

## Joint Committee

The Health and Industrial Safety Joint Committee is made up by four representatives of the administration and four representatives of the workers, elected for a two-year term. Two administrative and two worker representatives are elected in Puerto Bolivar, and one administrative and one worker representatives in Barranquilla. The committee is elected for two-year terms and holds regular sessions at least once a month.

LA6



### **Alcohol and Drugs Rehabilitation Programme (Case Study)**

This programme is part of our Alcohol and Drugs Policy. It is based on the integral rehabilitation of workers having personal, familiar, social, or working problems due to the use of alcohol or drugs.

The objective is to identify and control work related risks regarding the abuse of alcohol and drugs.

Through the self identification of the employee in the Medical Division, and after several professional evaluations, the treatment is designed following two phases: hospital and control.

The Integral rehabilitation involves the other members of the employee's family surrounding his daily life. That's why re-socialization is important, as well as changing the habits to reach permanent soberness, adopting healthy life behaviours that lead to a safe development in a daily routine.

Cerrejón recognizes alcoholism and drug use as illnesses, and that both can be treated. We believe it is possible to live without these substances. We offer the dependent employee the opportunity to get benefits from our Policy. This tries to eliminate addiction and its negative side effects since they are an obstacle for the worker's performance and his relationship to the rest of the company.

The Medical Division offers assessments and guides the treatment according to specialists and institutions highly recognized for their medical qualifications.

This programme started in 1992 and has treated 66 employees. Now, 43 of them are part of the company and are clean, meaning they are sober and have performed well in their work. 21 of them have received grades or mentions to their soberness after 5 years of abstinence and active participation in the Social Support Groups of workers. These groups work at the company and the residence of the workers where AA Groups have been created or strengthened.

During the 14 years of the Programme, we have had 15 employees who have relapsed (22,7%). This talks about the high success of our programme, since world figures are more than 50%. Whenever possible, these workers have retaken the programme having a new opportunity so they don't leave the company.

**Industrial Hygiene**

We develop detection, quantification, prevention and control activities to manage work related risks to avoid any illnesses in the working environment that could affect the work force, keeping it clean. There are different risks in the different areas of the company. That’s why we established different activities in each one to ensure a proper control everywhere.

The activities go from the evaluation of industrial environments to the evaluation of the people, as well as the support and assessment to government organizations covering the company’s zone, helping them to develop prevention and control of epidemic and endemic illnesses.

**Job Creation**

By December 2005, Cerrejón had 4.424 direct employees. 59% of them is people from La Guajira, 30% are workers from the rest of the Caribbean Zone, and 11% from other parts of Colombia. 3.877 other works have been created through the contractor companies.

**Working Life**

The workers of Cerrejón enjoy a high working stability. 16% of our workers have been with us for more than 20 years, and 53% of them have been working for 11-20 years. The annual replacement ratio is 1.6%.

LA2

LA1

Cerrejon's Human workforce	2005
Cerrejon's direct employees (Includes temporary)	4.424
Contractors	3.877
<b>Total</b>	<b>8.301</b>

EMPLOYEES ANTIQUITY						
Technical Personnel	0 a 2 years	3 a 5 years	6 a 10 years	11 a 20 years	More than 20 years	TOTAL
Permanent	24	171	306	2.000	488	2.989
Temporary	426	192	47	10	1	676
Total	450	363	353	2.010	489	3.665
Professional personnel	111	39	76	344	189	759
Grand Total	561	402	429	2.354	678	4.424

LA10

CITY OF ORIGIN				
ORIGIN	GUAJIRA	CARIBBEAN COAST	REST OF THE COUNTRY	TOTAL
No. of Employees	2.597	1.326	501	4.424

LA3

LABOURAL INFORMATION			
	M	F	T
1.AFFILIATED WORKERS	465	76	541
2. RETIRED WORKERS	246	62	308
3. TEMPORARY WORKERS	392	6	398
4. TOTAL WORKERS	4.217	207	4.424

EC5

In 2005 a total of U\$127.346.600 was paid to the workers as salaries

### Training

LA17

From the moment they enter the Company, the workers receive permanent training to perform their work in an efficient and safe way. To ensure quality, every year we develop a programme on safety, health, and environment training through seminars,

most of them being compulsory. In the year 2005, 194.692 man-hours were spent training personnel.

### CERREJON'S TRAINING REPORT BY DEPARTMENT

**TERM: January 1/05 December 31/05**

CATEGORY	No. OF PARTICIPANTS		MAN-HOURS QTRLY			YEAR ACUM.	ANNUAL PLAN	% ACCOMPL.
	ROL							
	MPT	PTC	MPT	PTC	TOTAL			
Company's Core	571	855	5.639	14.375	20.014	20.014	20.200	99%
Functional	689	585	13.430	8.574	22.004	22.004	25.200	87%
Management	135	4	6.254	8	6.262	6.262	6.200	101%
SIO	3.205	7.833	12.205	51.676	63.881	63.881	66.230	96%
Operational	174	2.929	3.749	78.782	82.531	82.531	70.252	117%
Total	16.983		194.692			194.692	188.082	104%

LA9

INDICATORS			
	ANNUAL PLAN	REAL	%
<b>Man-hours in training</b>	188082	194692	104%
<b>Training Budget \$ Us K</b>	485.5.	519	107%
<b>Training index</b>	1.9%	2.0%	
<b>Man-hours training costs \$ Us</b>	2.58	2.67	

#### Industrial Practices

Cerrejón offers the opportunity to students in Administration, Engineering, Accounting, and other professional areas for practicing during one semester in their regular study plans.

LA16

#### With this scheme we want

- To provide one of the best selection methods of candidates for a permanent job, having a deeper understanding of the student.

- To get a valuable help developing special works that not always can be performed with permanent workers.
- To provide the students economic help to develop their knowledge.
- To maintain good relationships with the best universities of the country, which are the best sources of candidates.

In the year 2005, 67 students from different universities went to have their professional practices.

### **Policy of Corporative Acknowledgement**

- 3.19 ■ When outstanding job performance and achievements are accomplished according to our guidelines, it is Cerrejon's policy to value and acknowledge them properly, promoting a culture where good working practices are acknowledged, reinforcing in this way the outstanding performance of the workers.

### **Institutional Acknowledgement**

The main objective of this programme is to acknowledge the outstanding achievements and performance of the workers, and plays an important role in reaching the targets and objectives of the business.

All employees are eligible to receive acknowledgments in its proper way and time, according to the results. Outstanding efforts in Safety, Health, Environment, and Communities are valued, as well as those exercised in the attention to the client, productivity, protection and team work areas.

### **The Excellence in Ideas Programme**

This is a programme that promotes development in an innovative working environment that allows the continuous generation and practice of ideas that can contribute to the enhancement of the individual or team productivity, making use of all the creative potential of the employees.

### **Productivity Bonus**

Programme established by the Company to promote and acknowledge the individual and team productivity when their results equal or exceed the goals established in safety,

productivity, and costs. This is a way to promote team work and the participation of the team in the improvement of the Company's productivity.

**Benefits for the employees and their families**

Cerrejón worries for the physical and mental health of employees. Several programmes have been established to fulfil these concerns: Safety and stability for the family nucleus, savings, retirement plan, industrial safety and hygiene.

**Benefits**

Cerrejón is in charge of administering the legal obligations created by the Nation to ensure every employee to have access to benefits as social security, family security, unemployment wages, vacations, services fees and transportation help. Extralegal fees vary according to the Collective Work Pact and comprise, among others, vacations and Christmas bonus.

**Voluntary plans**

Cerrejón offers several voluntary plans, where contributions are shared by the employee and the company. The target of these plans is to satisfy the basic needs of the employee's family and to boost benefits to its own working force. Some of the programmes are: Savings and Retirement Fund, Programme for House Acquisition, Integral Health System, Hospitalization, Surgery and Maternity Plan, Integral Safety Plan.

■ LA12

**Complementary health plans (SIS)**

Número de beneficiarios	11,946
Total cost (\$M)	10,259 (Shared)
Affiliation level (percentage)	59%

### House Acquisition Program (figures in millions)

Employees with house loans	2,878
Potencial of users	921
Granted loans	326
Used Loans	224
Usage Index (%)	69
Granted Loans (\$M)	17,765
Used loans (\$M)	6,656

#### Destination

Building and finishing of construction	10%
Acquisition	88%
Payment of mortgages / taxes	2%

*The house acquisition programme has benefited 2.878 employees with loans of 17.765 million pesos.*

#### Catering

<b>Lunches - Mine</b>	<b>2.005</b>
Average services / day	1.790
Total services / year	651.400
Cost \$M	9.600
Medical exams to waitresses	140
Food (Quarterly)	

#### Land Transportation

<b>Total transported users</b>	<b>1.200.000</b>
Cost \$M	11.400
Quantity of services*	78.000

#### Retirement plan

<b>Concept</b>	<b>2005</b>
Affiliated employees	3780
Total contribution -employees (M\$)	12,474
Total contribution -the Company (M\$)	8,731
Total of special withdrawals and final retirement balance (M\$)	18,063

### Working Relationships

- LA13 ■ During the year 2005 the relationship between the company and the workers were
- LA4 ■ developed in an environment of mutual respect and excellent working atmosphere. The
- LA15 ■ National Union of Coal Industry (SINTRACARBON) had 2.904 affiliates by December 2005.
- Through several committees both Company and Union analyzed and addressed common
- concerns on food and transportation.

Cerrejón has always respected the freedom of affiliation and the legitimate right to negotiate, and acknowledges the Union as the legal representative of the affiliated workers for all legal affairs.

### Absenteeism

The Company makes continuous efforts for reducing absenteeism. In the year 2005 the total absenteeism, not including personnel vacations, reached 3.21%.

■ LA7

2005					
	I-2005	II-2005	III-2005	IV-2005	TOTAL
Unjustified absence	0.03	0.03	0.03	0.08	0.04
Illness incapacity	1.49	1.49	1.40	1.70	1.52
Accident incapacity	0.12	0.14	0.18	0.25	0.17
Non-programmed absenteeism	1.63	1.66	1.61	2.04	1.74
Non-payable permisssions	0.33	0.34	0.44	0.66	0.45
Payable permissions	0.80	0.97	1.07	1.05	0.98
Suspensions/Authorized absences	0.09	0.06	0.03	0.01	0.05
TOTAL WITHOUT VACATIONS	2.85	3.03	3.16	3.76	3.21
Vacations	5.93	4.36	4.26	5.00	4.87
TOTAL WITH VACATIONS	8.78	7.39	7.42	8.76	8.08
Union permissions	0.98	1.10	0.88	0.78	0.93









## RELATIONSHIP WITH THE ENVIRONMENT





## RELATIONSHIP WITH THE ENVIRONMENT

3.19 ■ Cerrejón develops its activities framed in a harmonic relationship among man and nature, and committed to continuous efforts to identify and control the risks of every activity.

EN35 ■ To achieve this, about U\$70 million have been invested in environmental action programmes from the beginning of our operations. These programmes include environmental impact studies, systems and equipments for air and water quality control, land rehabilitation programmes, systems for the efficient use of natural resources, acquisition of lands for compensations, programmes for the management of native flora and fauna, and environmental monitoring and control programmes.

Coal production, transportation, and shipping processes are executed accomplishing the best mining practices and fulfilling the environmental legal requirements of the country. Based in the results from the air and water quality monitoring network in the neighbouring communities, we can assure and demonstrate that our operations have not deteriorated the natural resources or the neighbouring communities.

To ensure and improve the progress in Health, Safety, Environment and Communities, Cerrejón implemented the Operational Integrity System (SIO), which offers a series of parameters oriented to the prevention and minimization of the risks of the operations' activities.

### Air quality

EN10 ■ To keep the air quality inside the legal levels established by Colombian regulations (Breathable particles -PM10: 50 micrograms per cubic meter, and total suspended particles -TSP: 100 micrograms per cubic meter -annual average) in the neighbouring communities, the following control measures have been implemented: continuous watering of the ways with a fleet of 18 tanks (20 thousand gallons capacity each), dust suppression systems in all the coal transfer places, covered conveyor belts, temporal storage silos to load trains and ships with adequate control of emissions, early land rehabilitation programmes to reduce emission by air erosion in low vegetation lands,

speed control in transportation ways, and temporal or permanent closing of roads when they are not required for the operation.

Air Quality programme	2004	2005	Goals for/05
Analyzed air samples	2,197	1,688	1,891
Operation hours / watering equipments	66,150	59,070	90,000
Applied cubical meters of water	4.8 M	4.1M	6.2M

M: Millions of cubic meters

To determine the concentration of material and verify the effectiveness of the control measures to accomplish the air quality requirements, a series of tracing stations with 16 air controllers for the total suspended dust and 8 air controllers for the breathable dust are located in the surrounding communities and the areas of Puerto Bolivar and the Mine. The results from the beginning of the operations show that Cerrejón widely accomplishes the established regulations for breathable and total suspended dust.

## Water quality

Cerrejón uses water from the Rancheria River, from the alluvial reservoir in the Mine, and from the sea near Puerto Bolivar. During 2005 we used a total of 3 million cubic meters of water from these sources, which is about 30% of the total authorized watering use granted by the local environmental authority Corpoguajira. Part of the water used for watering the roads come from the depressurization of the coal layers and the surface slag drained to the mining cuts.

■ EN32

Given the fact that the zone is characterized by shortage of water, the recycling of water is important for us. In Cerrejón we lead residual and industrial waters from the operation to sediment pools in the different cuts, with a capacity over 8.4 million cubic meters.

■ EN5  
■ EN22

The residual domestic waters are treated in stabilization pools, and its outcome is reused for the watering of gardens and sport fields of the complex, as well as used in mining activities. During 2005 about 264 thousand cubic meters of waters were reused using this system.

■ EN20

To verify the quality of the water, Cerrejón implemented a continuous monitoring

programme to determine the effectiveness of the control measures to fulfil the environmental requirements. Some of the control measures are:

3.19

- Establishment of measure systems for water bodies extracted from the Rancheria River and its water zone, Bruno Creek, and Tabaco Creek, for domestic and industrial activities, according to the established permissions on water usage granted by the local environmental authority.
- Grease and oil traps and separators in the industrial facilities.
- Management and disposal of solid ordinary and special waste.
- Establishment of a quality monitoring programme to control Rancheria River’s water, creeks, and water treatment pools.

Air Quality programs	2004	2005	Goals for /05
Analyzed water samples	542	583	487

As a tool to evaluate the quality of the Rancheria River the Water Quality Index (WQI) is used. This is a method developed by the United States National Sanitation Foundation. The index considers nine hygiene parameters: Fecal coliforms, DBO, dissolved oxygen, pH, phosphates, nitrates, total solids, temperature, and mudding. This index is measured monthly and the result spans all the nine parameters. The analysis of this index concludes that Cerrejón does not contaminate Rancheria River’s water in its use for mining purposes.

**Land rehabilitation**

EN23

The process of land rehabilitation started in 1990 in the lands freed from mining activity. By December 2005 a total of 5.629 acres were recovered and incorporated as environmental zones. This amount is the highest at national level and it may rank among the most important in Latin-America. This is a planned action which objective is to rebuild the used ecosystems, understanding that it also has live components: flora and fauna.

The process of land rehabilitation has been acknowledged by the national environmental authorities and is considered as a national model for mining operations with similar characteristics.



EN35

Land rehabilitation program	2004	2005	Goals for/05
Preserved soil ( million m3)	2.2	1.6	1.4
Zones rehabilitation program (ha.)	203	144	200
Stabilized zones (ha)	200	204	200
Replanted zones (ha)	155	150	150

Cost of the programs (*) million Pesos		
Programmes	2004	2005
Environmental studies	\$582	\$1,372
Monitoring and control (1)	\$12,296	\$16,659
Soil preservation	\$2,057	\$2,604
Land rehabilitation (2)	\$5,536	\$2,108
Sub-total	\$20,471	\$22,743

Active equipment		
Incinerating oven		\$447
Replacement of the tank fleet	\$1,803	\$2,980
Instruments and equipment	\$100	\$182
Lands for environmental preservation ( 3)	\$1,583	\$3,496
Sub-total	\$3,486	\$7,105
<b>Total</b>	<b>\$23,957</b>	<b>\$29,849</b>



EN12

### Sea ecosystems

Every five years the ecosystem in Bahia Portete is analyzed to determine the quality of the coral formations, the status of sea prairies, micro fauna in soft bottoms, and mangrove swamps. The analysis also determines the amount of sedimentation in beaches and soft bottoms. The results of the last study in 2005 determined that no damage was caused in the ecosystem by the Puerto Bolivar operations.

EN6  
MM6

### Multi-spectral studies

The monitoring of zones using multi-spectral images is made to evaluate the impact of the mining activity on the ecosystems near the complex. The last study was made in the year 2004 and the results concluded:

- The calculated slag shows a stable behaviour in the three analyzed periods, with a direct relation to the precipitation in each analyzed period. The variation of the slag volume is near 8.8% (1,050 mm in 1986 to 943mm in 2002), at the same time the measured precipitation shows a variation of 9% for the same years (1060 mm en 1986 y 943 mm en el 2002).
- Changes in the use of the soil produced by the mining activity are 11% of the studied zone. That's why the change of use of the land on slag is not relevant according to the evaluation method used.
- In the monitoring pits increasing and decreasing cycles can be observed in the freatic level, correspondent to increasing and decreasing precipitation distribution.
- From 1997 to 2002 there is equilibrium in the freatic levels. Even with this data, it is not possible to conclude upon the real changes caused by the mining on the underground water balance levels.

EN16

### Implementation

EN13  
EN14

Among the incidents report system on Operational Integrity, the year 2005 counts three environmental incidents: the leak of 17.300 gallons of Nuto 68 oil; leak in the hangar 4B in the permanent factory, and leak to the Rancheria River. These incidents were controlled using the emergency plan for fuel leaks and no damage implying further sanctions from the national or international environmental authorities was found.

### Feasibility study (expansion plans)

EN7  
EN27

Correjón studies the feasibility to extract new coal layers in the lands owned by the Company where no human settlements exist, and not affecting urban zones. Nowadays the environmental line studies are developed taking into account the physical, biological, and social aspects. These studies are made by specialized national auditors with proved experience in this kind of analysis, and they consider the following characteristics:

- Description, characterization and analysis of the physical, biological, and social environment.
- Definition of the critical, important and sensitive environmental and social ecosystems to be excluded or treated in a special way.
- Evaluation of the ecosystems.
- Identification and evaluation of the environmental impact that will be produced.
- Design of the prevention, correction, compensation and lessening measures of the impact.
- Joint work with the neighbouring communities to define the environmental action measures.
- Design of the environmental monitoring and control systems to evaluate the effectiveness of the proposed measures during the construction and operation phases.
- Design of a contingency plan based on the identification and evaluation of the natural, technological and social risks linked to the construction and operation.

The study of the social component will focus specially on the alterations during the construction and operation of the project, taking into account the generic impact linked to it. After that the prevention, correction, compensation and lessening measures of the impact will be proposed.

Despite all the previous considerations, the change of the course of the river should be evaluated and approved by the environmental authorities. The Company will not start this project until all the necessary studies have been completed, to guarantee there will be no impact on the community not related to the complex.

EN17

### **Initiatives to use renewable energy sources**

In recent years Cerrejón has accomplished several initiatives to improve the efficiency of the use of energy in the operations. Some of the most important are:

- Conversion of the small fuel equipments to natural gas combustion.
- Change of water plant in Puerto Bolivar.
- Massive change of lamps: 1.2 GWH/year.
- Circuit zone definition in offices.
- Illumination control in the industrial zone.
- Implementation of suggestions to increase the efficiency of the compressed air system in the Mine.
- Natural gas used for industrial cooking.
- For air conditioners: technological upgrade to most efficient equipments. Temperature adjustments, shortage of hours of use, adjust to balance the need/capacity relation.

In the same way, Cerrejón has started pre-feasibility studies for several initiatives concerning the use of renewable power resources in its mining operations. Some of the most important are:

- UPME Pact – Cerrejón for the Rational Use of Energy (RUE): the pact is developing according to the proposed plan.

EN1

- Pre-feasibility analysis to generate own energy by the use of natural gas: it is in evaluation stage together with other projects for the final decision.
- Pre-feasibility analysis to generate own energy by the use of wind power. It is in prefeasibility evaluation stage together with ISAGEN.
- Pre-feasibility analysis to use natural gas as fuel in the mining equipment.

Main Supplies		
Supplies	Units	2005
Tyres	Pc	5625
Lubricants	Gls	1,787,652
Refrigerant-Exro	Kgs	38,920
Imported Diesel	Gls	61,267,690
National Diesel	Gls	493,262
Fuel	Gls	666,038
Natural Gas	m3	880,800
RT 9 (surfactant for particle control)	Liters	61.760

EN1

Sales of oil used in 2005	
ORCO (Cartagena):	451.000 gallons
Antioquia's derivatives	90.000 gallons
Total sales in 2005	541.000 gallons

EN13

Goal: Recovery of used oils: 25%

Direct use of energy by primary sources	
Energy use ( Mine and Port)	198,476,494 KWH
Fuel use (Diesel + Fuel)	67,905,681 gallons ( Mina + Puerto)
Natural gas use	880,800 m3

Natural gas is used for cooking, laundry, explosives plant, and small vehicles

Energy use by areas										
	CC	EQUIPMENT	Read. Jan 25-05	Read. Feb 22-05	Read. Mar 28-05	Read. Apr 26-05	Read. May 26-05	Read. Jun 27-05	Read. Jul 26-05	LECT Aug 24-05
USER										
PRODUCTION - MINE KWH - Electric excavators	XPMOPPHX511		5,302,967	5,995,143	7,363,929	5,078,995	6,417,663	7,909,549	7,147,124	7,664,292
FEEDER No. 1 - CAMP - KWH	XCMRH22X511	8500000	1,248,632	1,272,677	1,793,898	1,346,360	1,764,461	1,785,484	1,493,137	1,619,698
FEEDER No. 2 - CAMP - KWH	XCMRH22X511	8501005	200,221	205,373	268,135	199,825	266,910	258,215	231,015	242,525
WATER PLANT - MINE - KWH	XCMMAPAX511	5900000	63,000	62,142	75,750	57,821	81,802	78,726	58,968	59,058
WASHING PLANT - MINE -KWH Line 1	XCMOPPWXS11	2040000	326,200	341,101	473,338	426,253	380,718	424,189	309,125	377,506
NEW GRIND. PLANT - MINE - KWH Plant 2 Line 1	XCMOPPSXS11	3000000	178,391	381,542	479,078	256,878	489,398	500,060	389,967	406,536
COAL PLANT- MINE - KWH Plant 1 Line 2	XCMOPPTXS11	2000000	609,955	789,344	951,101	676,861	919,027	868,805	810,580	812,248
Coal Laboratory	XCMTENKMS11	4700000	25,927	25,033	30,398	25,927	26,822	57,219	54,528	54,392
Oil and lubricants laboratory	XCMTES3XS11	4700000	25,927	25,033	30,398	25,927	26,822	53,643	26,714	26,647
Flygt 2201 Pump East pool	XPMOPBOX511	5000000				12,702	13,140	26,280	21,956	21,902
Coal piles lighting	XPMOPPEXS11	6900000	25,927	25,033	30,398	10,440	10,800	23,040	21,956	21,902
EMULSION PLANT	XPMOPBPXS11	8210000	44,747	45,608	59,929	53,151	49,835	56,010	48,720	48,803
ADMIN. I - MANAGM. SUPPORT TECHNICAL SERVICES	XCMTET1V511	8100224	164,660	161,447	208,227	156,192	205,060	206,602	188,338	190,184
ADMIN II - General Services Human Resources	XCMTSS2XS11	8100208	149,608	141,939	178,923	172,620	172,696	181,461	172,805	169,940
CELLARS - STORAGE AND SUPPLIES CONTROL	XCMMTS2XS11	8100110	200,221	205,373	268,135	199,825	266,910	258,215	231,015	242,525
EARLY START - CIS PRODUCTION	XPMOP11XS11	8100112	90,376	92,413	114,836	99,876	96,444	112,482	102,260	106,952
RAILWAY	XCRMALFXS11	8100201	65,946	65,297	83,546	58,751	79,507	75,369	69,636	73,132
MISCELLANEOUS - MINE	XCMMA91GS11	8100000	1,171,540	1,186,634	1,518,401	1,027,935	1,032,624	1,541,620	1,229,701	1,331,456
TOTAL MINE			9,894,247	11,021,135	13,928,420	9,886,339	12,300,639	14,416,969	12,607,544	13,469,697
WATER PLANT - PORT	XCPOPPAP511	5400000	188,722	183,881	230,440	221,640	211,390	208,950	197,670	202,870
CAMP - PORT	XCPMC96XS11	8600000	395,716	400,950	468,690	499,800	457,030	501,470	445,410	448,800
COAL MANAGEMENT - PORT	XCPOPPZXS11	MANCARB	2,404,422	2,410,259	3,117,400	2,675,160	2,626,610	2,911,540	2,607,710	2,637,320
TOTAL PORT			2,988,860	2,995,090	3,816,530	3,396,600	3,295,030	3,621,960	3,250,790	3,288,990
KWH CERREJON - CAUSED IN MIMS (Reader figures)			12,883,107	14,016,225	17,744,950	13,282,939	15,595,669	18,038,929	15,858,334	16,758,687
TOTAL KWH - ENERGY PROVIDER BILL			14,149,026	13,974,420	16,072,345	15,700,292	16,308,447	16,838,915	17,193,043	17,676,721

EN4

Cerrejon's energy provider is Corelca.

EN11

### Treatment and waste methods

ORIGIN	DESTINY	AMOUNT (KG)
Ordinary waste	Sanitary backfill	3.183.500
Special waste (Sanitary and fat and hydrocarbon contaminated waste)	Incinerating oven	269.132
Recyclable materials (plastic, cardboard, wood, metallic waste, white paper, newspaper, pneumatics from heavy and small vehicles)	Recovery and separation depending on the material	860.000

*Solid materials recycling goal: 25% (Source: Accomplishment Plan 2006)*

### Daily waste by process

Date	Recolection (kg/d)	Special (kg/d)	Recycling (kg/d)	Incinerated (Kg/d)	Separation (kg/d)	Generation (kg/d)	Specials (%)	Incinerated	Recycling (%)	Total Separated (%)	Goal (20%)
Jan 05	10,000	850	1,254	0	2,104	12,104	7.0%	0%	10.4%	17%	20%
Feb 05	10,000	880	3,024	0	3,904	13,904	6.3%	0%	21.7%	28%	20%
Mar 05	10,000	808	1,965	0	2,773	12,773	6.3%	0%	15.4%	22%	20%
Apr 05	8,883	663	3,733	0	4,396	13,280	5.0%	0%	28.1%	33%	20%
May 05	8,726	746	2,861	0	3,607	12,333	6.0%	0%	23.2%	29%	20%
Jun 05	9,933	665	2,888	0	3,553	13,486	4.9%	0%	21.4%	26%	20%
Jul 05	8,806	578	1,921	132	2,500	11,306	3.9%	1.2%	17.0%	22%	20%
Aug 05	8,613	598	2,309	0	2,907	11,520	5.2%	0.0%	20.0%	25%	20%
Sep 05	9,067	791	1,851	450	2,642	11,709	2.9%	3.8%	15.8%	23%	20%
Oct 05	8,661	723	2,876	436	3,599	12,260	2.3%	3.6%	23.5%	29%	20%
Nov 05	8,483	748	2,053	554	2,801	11,284	1.7%	4.9%	18.2%	25%	20%
Dec 05	8,097	805	1,648	418	2,453	10,550	3.7%	4.0%	15.6%	23%	20%
<b>Total Accumulated 2005</b>	<b>9,106</b>	<b>738</b>	<b>2,365</b>	<b>166</b>	<b>3,103</b>	<b>12,209</b>	<b>4.7%</b>	<b>1.4%</b>	<b>19.4%</b>	<b>25.4%</b>	<b>20%</b>

EN8

*In the year 2005, Cerrejón produced 725.732 tons of CO<sub>2</sub>, from the use of diesel and oil fuel, and electric energy.*

## Fauna

Protection forests have been established, as well as zones prohibited to human exploitation where hunting and deforestation is forbidden. They serve as preservation zones for alligators, deer, iguanas, green tortoises, cardinals, peccaries, and oncillas. Hollows on rocks have been constructed to increase the population of small fauna in the rehabilitated lands.

■ EN27  
■ MM3

To verify the effectiveness of the control measures, regular hydro-biological and wild fauna monitoring is made to determine the status of the ecosystems and their inhabitants. They also seek to establish the way they are affected by the mining process. The results show that until now there is no evidence of any relevant damage caused on the local fauna by the activities of Cerrejón. Continuous monitoring is practiced to prevent any changes that would alter the normal development of the fauna. The environmental action includes an education programme focused on the employees, contractors, and neighbouring communities.

■ EN25  
■ EN26

The environmental control programmes fulfil completely its purpose: the potentially adverse side effects of the open-field mining activity have been minimized. The handling, transport and shipping of coal are managed in a responsible way which is harmonic with nature and according to the legal norms.

■ EN7

The rescue of fauna is a programme that proves this commitment, since it comprises a series of procedures and activities guided to rescuing the fauna before the mining process takes place, in a way that the species are relocated similar environments to ensure the species future reproduction.

## Changes in the natural habitats

The main ecosystems in the area were riverine forests, xerofitic and subxerofitic bushes with dry tropical forest zones, as well as human-modified zones for agriculture and cattle.

Nowadays most part of the landscape is affected by the mining process, it is accompanied by riverine forests in the creeks and the Rancheria River, reaching 82 ft height, and covering about 60% of the vegetal canopy of adult native species.



- EN7 ■ When the humidity factor decreases, a succession of species are found, especially native species and gramineae growing after the usage by the people for cattle, agriculture and recollection, which increases the levels of erosion and desertification.

#### **Endangered Species**

- EN28 ■ The presence of 47 bird species (25.7% of the total living in the zone) considered as having some kind of danger in the Valley of Cerrejón made it compulsory to preserve the flora and fauna by a rational exploitation of the resources, and a sustainable management of the birds population. There are also 28 mammal and 11 reptile endangered species.
- Nowadays we work hardly on the education for the preservation of the fauna, especially of the endangered species since cultural perceptions influence against their sustainability.







## RELATIONSHIP WITH THE COMMUNITY





SO1  
EC10

## RELATIONSHIP WITH THE COMMUNITY

Our commitment with the community goes beyond our responsibility as a job provider in La Guajira and in Colombia. We are conscious of the impact that our decisions and our performance can have on the community surrounding us.

Cerrejón has been very committed, from the beginning of the operations, with the development of the zone and its population. The compromise has been possible due to clear policies with the communities that allow us to join efforts in a common direction: the mining of the natural resources in harmony with the social development of the Guajiran community.

Following this premise, Cerrejón is working on several Social Work programmes aimed at helping La Guajira's population on several areas as: Education, Health, Culture, Sports, Productive Projects, Environment, Improvement of Buildings, Basic Hygiene, Training, and Job opportunities.

Along its history, Cerrejón has kept an open communication with representatives of the neighbouring communities through PR, interviews, special events, and social programmes organized in the different towns near the railway. This contact has allowed the Company to build and maintain a trustable name towards them.

HR13

To formally solve all inquiries, expectations, and suggestions from the communities in the influence zone, Cerrejón has established five Social Convivance Offices in the towns of Riohacha and Barrancas, as well as in La Mina, Puerto Bolívar and Granja Paici.

### Cerrejón Foundation

In September 2004 the executive board defined the fusion of Fundación Cerrejón (based in Riohacha) and Fundación Nuestra Señora del Pilar (based in Barrancas) using only one corporative name: Fundación Cerrejón (Cerrejón Foundation). In this way, the investments of both entities, under one administration and one corporative face, will be identified under the name Cerrejón, to keep working on the programmes benefiting the people in La Guajira.

Social Investment 2005	
Communities Division	USD\$ 2.095,000
Nuestra Señora del Pilar Foundation	USD\$ 1.618,000
Total Invested	USD\$ 3.713,000

EC12

It is important to highlight that these figures are the real total investing on social projects in the year 2005, according to the Comptroller, and includes spendings on: PAICI, Health, Education, Donations, etc. It does not include direct investment from Cerrejón in micro-credits and other exclusive activities of the Foundation, since until the last year the commitment with Social Investment CAPEX was under the control of Fundación FSNP (INGEOMINAS).

For over 20 years, Cerrejón Foundation has been working on the creation and development of micro-companies in the zone, as well as on the consolidation of solidarity groups.

The positive balance of Cerrejón Foundation proves the importance our mining activity has for La Guajira. Our objective in the social field is to help improving the life style of the Guajiran population.

### Programmes developed by the Cerrejón Foundation

PROGRAMME	Contributions	Contributions	Benefited People
(Figures in M \$)	year 2004	year 2005	year 2005
Total work generation program	332	554	35.394
Education Total Education	1.251	2.380	29.486
Health Total Health	547	143	207.189
Infrastructure and basic sanity Other help Total other help	1.104	88	5180
Total	3.234	3.167	277.249

HR14

### PAICI (Integral Help to the Indigenous Communities Plan)

La Guajira, in all its extension, presents a complex variety of conditions ranging from great semi-desert plains in the north, up to beautiful fertile lands in the south. In this region of contrasts, there are communities that have had a historical lack of water, which brings difficulties to the lives of the people.

The PAICI was created in the year 1982 to improve the life conditions of the Wayuu population, and has been established as a model plan in this region. The Plan helps the social progress processes of the indigenous communities near the railway from the Mine to Puerto Bolívar, in the Colombian Guajira.

From its beginnings, the Plan has invested \$4.664 millions, developing programmes as ethno education, communal homes, water resources, crafts production, improvement of agriculture, and the Experimental Pilot Farm that improves the goat breed.

Indigenous Communities Integral Support plan	2004	2005
New supported indigenous communities	76	67
Railway Communal Homes administration	37	37
Children in the Communal Homes	444	444
Indigenous Beneficiaries from the Ayatajirawa plan	669	938
Children and Mothers beneficiary of the nutritional supplement (Bienestarina)	4.796	5010
Non-schooled children and youngsters beneficiary of breakfasts	1.530	0
Indigenous beneficiaries of water solutions	4.559	3694
Indigenous communities benefited with mills, pools, sinks, and new pozos, water solutions.	22	14
Beneficiary solutions with caprine funds	114	224
Caprines given in the caprine-loan program	1.255	580
Indigenous people trained in caprine breeding	120	914
Indigenous people trained in agriculture	180	914
Communal farms assisted technically	37	15
Indigenous people trained in communal organization	244	1866
Indigenous people trained in health and basic sanitary	3.163	11363
TOTAL assisted communities	151	218
TOTAL indigenous people assisted	30.000	35010

PROGRAMME (Figures in \$ Millones)	COST 2004	COST 2005
Investment in the Water solutions programme	150	91.2
Cost of delivered caprines	108.2	53.4
Total investment PAICI (Cerrejon's contribution)	600	755
Total Cerrejon`s contributions to ICBF Treaties	250	0

### **Kamushiwo'u Ethnoeducative Rural Centre (case study)**

The Project to Strengthen the Bilingual Intercultural Programme follows an education plan agreed with the community, and it allows the students to have several alternatives through investigation and vocational activities, as well as the constant integration of practice and theory, recovering the real value of the original community knowledge.

The Kamushiwo'o Ethno educative Rural Centre was conceived as an "Experimental Pilot Centre" where the pedagogical strategies for the Intercultural Bilingual Programme were born and spread to the whole Guajira department. Enhancing this basic plan, the Pilot Centre will follow with the spirit to pioneering the search of pedagogical innovations that can help the schools in the municipality of Uribia and the rest of the region.

The project has allowed the preservation of the Wayuu indigenous culture, keeping intact their myths, legends, experiences and cosmovision transmitted orally from generation to generation. Besides the oral tradition, nowadays the process of transmitting knowledge is also made through writing, assuring the preservation of a tangible legacy that surpasses time.

Kamusuchiwo'u is the first of the Rural Ethno educative Centre that started its process with level 6, and continues the education to higher grades, implementing one level each year until completing the whole high school levels to assure the satisfaction of the educative needs of the region.

The Kamushiwo'o Ethno educative Rural Centre is the only educational institution built using the traditional indigenous Wayuu architecture. Native materials from the zone



were used, and native members from the Media Luna community helped both manually and technically with the construction.

### **Sport for the youth**

The “Young Talents” departmental soccer tournament is held every year since 2000 with the presence of more than 1.200 children and teenagers from all La Guajira. They show all their talent in the pony, child, and pre-juvenile categories. The tournament is sponsored by Cerrejón with help from the Employees Fund (FONDECOR) and Copetran (company that provides transportation to the participants).

In 2005 the tournament was held for the sixth time, allowing the kids from La Guajira to develop their sports talent.

### **Medical assistance to communities under the influence zone**

Cerrejón practices an Action Plan in health to educate and prevent health issues in the communities surrounding the mining complex. This programme looks to favour the underprivileged people, focusing mainly on the indigenous population. Through Health Brigades and Medical Assistance programmes, communities get medical attention, dentist and ophthalmologic services, vaccines, and in some cases laboratory exams. They also get medications when their treatment requires them. Additionally, pregnant women, young women, children and the elderly receive Bienestarina (a nutritional complement). This is a balanced and nutritive vegetal flourlike mixture with milk that is enriched with vitamins and minerals. This nutritional complement provides proteins and a proper balance of essential amino acids.

Professionals and institutions from Barrancas, Hatonuevo, Albania, Maicao and Uribia join the medical missions. More than 10.000 people from the influence zone receive the benefits, and more than 1.000 oral hygiene kits were distributed.

### **HIV-AIDS Integral Prevention Programme**

Carrejón, through Carrejón Foundation, reactivated an integral plan aimed at improving and enhancing the information of La Guajira inhabitants about HIV-AIDS, as well as improving the facilities for the treatment of people living with AIDS. Its main concern is pregnant women. This programme has become one of our leading programmes and it is growing constantly.

It covers 15 towns, and more than \$150 millions were invested in the year 2005. It has worked together with the Departmental Health Secretary, local hospitals and municipal health secretaries to change and improve the information and coverage of the plans.

For the second phase of the AIDS programme, an alliance with the Francois Xavier Bagnoud Foundation was established. It seeks to spread information to the inhabitants of the region, and to create consciousness in pregnant women to practice HIV-AIDS tests, and to explain the precautions when having sexual relations. The goal is to expand the information to more than 23.000 people.

### **“Carrejón Excellence Scholarships”**

For a second consecutive year, Carrejón supported the ten high school students who rank best in the State Examinations (ICFES) to promote the students performance in La Guajira. These ten students will receive from Carrejón economic support for university matriculation, transport and personal expenditures when studying outside their zone of residence.

The requirements to apply to this scholarship are: to rank among the top scores of the State Examinations, being born in La Guajira, and being a graduate from a school in this department. 30% of the eligible must be part of the Wayuu community.

The second group of students awarded with Carrejón Excellence Scholarship is formed by students from all the department: Ana Lucía Ballesteros, from Gimnasio Cerromar in Riohacha; Enira María Mejía from Colegio Colombo Árabe in Maicao; Luis Moreno Molina from Instituto Cristo Rey in Fonseca; Juan Mario Marengo from Colegio Francisco Palau y Quer in San Juan del Cesar; Moisés Molina from Colegio La Sagrada Familia in Villanueva;

LA8





Yaritza Cantillo from Colegio Albania in the Municipality of Albania; Shirley Iguarán from Colegio Colombo Árabe in Maicao, part of the Wayuu community; Arlys Romero from Instituto La Sagrada Familia in Riohacha, part of the Epinayú clan; Cindy González from Instituto Pedagógico in Maicao, part of the Pushaina group; and Elvia Lorena Lugo from Gimnasio Cerromar in Riohacha.

Cerrejón wants to promote the quality of the education in La Guajira, and hopes the students to return to their homes once their education is completed to share their knowledge with their communities and the department.

### **Cerrejón Rotary Club**

The Cerrejón Rotary Club has developed several activities in the neighbouring communities to improve the life conditions of the needed. These activities count with the help of the Communitarian Development Groups, which have constituted themselves as the arms of the club and are integrated by members of the same communities.

Due to Cerrejon's support, the Rotary Club has developed activities to improve the quality of life of the people in 13 years of existence, investing more than \$600 million, with an investment of \$100 million in 2005 alone. These resources come from the recycling programme in the complex facilities, a programme authorized by Cerrejón in a treaty from 1998. Some of the remarkable programmes developed by the club are:

**Fireflies: educative programme for the alphabetization and post-alphabetization of adults.** This programme is developed in the neighbouring towns of Albania, Cuestecitas and Albania. The beneficiaries are people from low economic income, workers, home workers, and some unemployed people. They receive free alphabetization, and if they already know how to read and write they are encouraged to finish the primary school and continue high school education. Until now, more than 600 people have benefited from this programme, 120 have been alphabetized, and 100 people have finished their primary school studies and 25 of them have continued with the high school studies.

**Golden age: elderly adults support programme.** This programme includes integral attention to the elderly adult and offers recreation, education, health orientation, and nutritional support to 85 people. The Club develops alphabetization journeys, recreation activities, and gives medical and food assistance.

**Future aces: leader formation. Outstanding students support programme.** Created for outstanding students in the academic field and their interest in community service, to develop in them a spirit of leadership and personal growth. It is developed through leadership activities, workshops on health and use of free time, training on systems and English with the support of the Albania School in Mushaisa, opportunities as packers in CARULLA supermarkets. This programme helped 120 students from levels 4th to 11th.

**Sport formation school.** Established to offer the students an alternative in their free time to avoid drug use or prostitution. During the year 2005 some 130 people received support on different sport activities, and were also educated on principles, values, and citizenship. The programme has encouraged their participation in juvenile soccer and basketball tournaments where important achievements were made.

**Scholarships: high school students support.** This is undoubtedly the Club's most ambitious programme. Its objective is to support the students who have a good academic record, excellent behaviour, and service vocation, to help them study in the universities of the country. The Club has supported 15 students with an annual investment of \$30.000.000.

**Recycling in the communities: environmental improvement programme for the exploitation of solid reusable waste.** Worried for the contamination of the streets of the town of Albania, Cuestecita and Hatonuevo, the members of the Club and their Development Groups started this recycling programme, collecting newspapers, paper, glass, plastic containers, and tin cans, recovering a total of 2 tons of recyclable material.

**Lights: Sunday radio broadcast.** This is the open window of the Club and its groups. It is used to inform the plans, achievements, tasks, and outcomes of the programmes. In the year 2005, 48 programmes were aired completing three years of broadcasts. It is aired Sundays from 9:00 am to 10:00 am by Albania Stereo communal radio station.