

CERREJÓN'S DECLARATION ON THE STATEMENT OF THE LAS CASITAS COMMUNITY ACTION BOARD IN SEPTEMBER OF 2014

Cerrejón is prepared to dialogue with the Community Action Board and with pertinent guests on the planning and agreement process for the Las Casitas resettlement. It should be noted that the entire process has been carried out following the guidelines of the International Finance Corporation (IFC).

However, in the interest of providing readers with certain elements from that statement we should clarify the following:

1. When dialogue began with the Las Casitas community in June of 2009 on this resettlement, support was provided by oversight bodies such as the Secretary of the Municipal Government, the Secretary for Municipal Planning, the Municipal Ombudsman Delegate, and the Community Action Board (CUPUMA).
2. Concerning the selection process for the families to be resettled: The number of accredited families for the Las Casitas collective relocation corresponds to the permanent residents at the start of the process. This number was taken from the June 2009 census compiled by the Barrancas Municipal Mayor's Office together with the Community Action Board (CUPUMA). According to that census, 22 families were accredited for collective relocation.

The participatory process for defining the criteria was carried out in four (4) scoping sessions and one (1) detailing session between March 23 and April 22 of 2010. In these meetings, **Cerrejón and the community agreed** that the criteria for determining the right to compensation for resettlement were: (1) being a permanent resident in Las Casitas from before June 16 of 2009, (2) owning a house or property, and (3) being an independent household.

The community of Las Casitas requested and provided grounds for including nine additional families as special cases to be considered even though they did not meet the initial criteria. As part of the talks and agreement process, Cerrejón and the community assembly, including the institutional representatives, approved the inclusion of these nine families, thereby raising the number of families accredited for collective relocation to 31.

3. As regards the incentive payment, it is important to note that this was agreed to with the community on the basis of the amount of time families spent on going to scheduled meetings to decide on process milestones. This incentive was paid to families regardless of their positions on topics dealt with at the meetings.
4. The property assessments were performed by the Valledupar Real Estate Office (Lonja de Propiedad Raíz de Valledupar), which is an independent organization well known for its suitability for this type of task. The assessments have been used as a basis during the talks.

5. Regarding the baseline. The baseline was performed by the Norte University in 2010 and updated in 2011 by Social Capital Group. Below please see the population pyramid showing that most of the population is young people that can take advantage of the educational benefit mentioned by the JAC in its press release.
6. Concerning the topics of employment and production projects
 - The critical situation of the coal market does not allow Cerrejón to offer jobs to families undergoing resettlement as it would wish to. However, we are reviewing all possible opportunities we can offer these people.
 - We have learned that the success of the sustainability for families and their incomes depends on many factors: social insertion, improving skills through education, the economic setting, and the production projects.
 - Families that have undergone resettlement and the company itself have accumulated valuable experience that we hope will be used in this resettlement to the benefit of the Las Casitas families.
 - Resettlement success cannot be measured solely by the success of the production projects, although they are an important part of the overall process.
 - In any event, we will continue to put forth our best, good-faith efforts to ensure that the resettled families have a better standard of living at their new dwelling site.
7. Differentiating between resettled families and families selling properties. This is clear, and the IFC's Performance Standard 5 states that there are different types of families in these processes and that each type of family is treated differently. The families living in Las Casitas have different impacts than the owners of uninhabited properties, and that difference is reflected in compensation management, programs, and impact management measures. There is a great deal of difference between a business transaction and the care paid to a resettlement plan.
8. Socio-economic status at the new site: The Las Casitas families, like those from the other resettled communities, continue to live under rural conditions. The agency in charge of establishing the socio-economic status for the new site is the municipal administration. The reasons lie in the change in the housing infrastructure, which serves the resettlement's goal of improving the standards of living of those resettled. However, experience (Patilla, Roche, and Chancleta) has shown us that it does not surpass level 2, which is entitled to a State subsidy, and the corresponding payment for basic commodities varies according to each family.
9. Concerning the recognition of leaders and their work. We respect the community groups and associations as legitimate actors in all the resettlement processes that we carry out, and we take this respectful position regardless of the degree of popularity or political or group

representativeness that an association from a community such as Las Casitas may have as long as the community itself accepts them as part of the process.

10. Situation created with the announcement of the expropriation. Cerrejón notified the families that it had had recourse to this alternative and expressed its willingness to continue the agreement process. We have had recourse to the alternative of expropriation by legal channels due to the need for alternatives, as covered in the IFC Standard, and due to the company's needs to finish this process. Nevertheless, this process is long and the families involved can count on the guarantees considered in Colombian legislation. Cerrejón is optimistic about the possibility of reaching an agreement before finalizing all the stages of this process.
11. Cerrejón has not announced a relocation date for the Las Casitas community although we are interested in reaching an agreement as soon as possible. Setting this date depends on the joint achievements we reach concerning the Action Plan for Resettlement.
12. We are aware that the physical and chemical characteristics of the water supplying the mains of the resettled communities are different from those they are used to as the current source is groundwater, with different conditions of hardness, alkalinity, and conductivity. This makes them feel as if the water were brackish and undrinkable. However, the treatment systems in place guarantee the water treatment. As regards the system's sustainability, the technology is conventional, easy to operate and maintain, and commonly used in population centres of similar characteristics. At the joint roundtable, all the possible alternatives will be assessed for the supply of drinking water and system management.
13. Negotiations with rural landholders and/or landowners are going forward with each landholder or owner based on the established procedures in Colombian legislation and in accordance with the guidelines of the IFC.

For more information please contact Juan Carlos Restrepo (juan.restrepo@cerrejon.com) or Carlos Franco (carlos.franco@cerrejon.com).