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RESETTLEMENT POLICY

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TRACKED CHANGES		
Version	Date	Brief description of the change
1	April 24, 2014	Initial version.
2	February 26, 2020	General update. Inclusion of objective, scope, definitions, persons responsible and reference documents. Adjustment to scope in accordance with the Bettercoal Continuous Improvement Plan.

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1. OBJECTIVE

To establish the guidelines that the Company must follow in cases of involuntary resettlement, in accordance with the current laws, international rules and best practices, contributing to the sustainable development of the communities in its area of influence through concerted processes aimed at maintaining or improving living conditions, as well as defining the mechanisms to avoid uncontrolled new settlements within its area of operation.

2. SCOPE

This policy guides the Company's work with populations that, being located within the area of influence of its operations, must be resettled by necessity of the operation or by order of competent authority, to avoid or minimize the circumstances that give rise to involuntary resettlement processes. Additionally, it covers the steps that the Company must take with the authorities to prevent new settlements in the area of influence of its operations.

3. DEFINITIONS

Involuntary resettlement: The relocation of communities, as a result of the acquisition of land or restrictions on its use for reasons related to the project. It is involuntary when the people affected grant their consent without the possibility of refusing the resettlement.

Resettlement Action Plan (RAP): The document that specifies the procedures and measures to mitigate negative effects, compensate for losses, and provide development benefits to the people and communities subject to involuntary resettlement.

4. POLICY GUIDELINES

Drummond wants its operations to contribute to the sustainable development of the communities in its area of influence and bring them benefits. Therefore, it will seek to avoid or minimize circumstances that could lead to the involuntary resettlement of these communities, as well as avoid conditions that could lead to the formation of new irregular settlements. For this reason, in the execution of its activities, the Company will:

- Establish appropriate technical mechanisms to conduct social and environmental studies to identify the risks inherent in possible necessary resettlements for the projects and operations, taking into account the opportunities and preventive measures required during all phases of the project life cycle.

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- Structure mining development plans and operational methods, incorporating measures to reduce significant effects on neighboring communities and try to reduce the risk of involuntary settlement or loss of existing sources of income.
- Seek alliances with the local authorities to strengthen the implementation of social and educational plans to discourage the formation of new population centers near the operations.
- Ensure the dissemination of information on the project and consultation with stakeholders in accordance with international best practices, addressing the social and environmental risks identified in the area of influence.

If, in spite of the above, resettlement is inevitable, the Company will:

- Implement the appropriate measures to mitigate any adverse effects on people, identifying development opportunities so that the resettlement is the last resort to improve these people's living conditions.
- Seek agreements with the communities based on the guidelines and standards of the IFC (International Finance Corporation – World Bank Group), with the participation of the authorities as guarantors of the rights of the people under resettlement and the structuring and implementation of a Resettlement Action Plan (RAP), ensuring an informed and participatory process with the communities to adopt a reasonable compensation scheme.
- Structure and implement, with the communities, a Livelihood Restoration Plan, facilitating a viable and appropriate resettlement.
- Establish an appropriate mechanism for handling requests, complaints, claims and reports that makes it possible to receive and resolve concerns about the process from the people involved in the resettlement and their representatives.
- Report to the corresponding authorities the invasion of land and formation of settlements within the area of influence of its operations, reporting this situation to the environmental and mining authorities.

5. PERSONS RESPONSIBLE

- **VP of Risk and CSR / VP of Sustainability:** establish the directives that will guide the Company toward the execution of resettlement processes in accordance with this policy's guidelines. Identify the adjustments required by this policy, as part of the continuous improvement process and monitor compliance.
- **Sustainability Committee:** i) pass measures for the proper execution of this policy; ii) verify the consistency and complementarity of the Company's various policies; and iii) identify the adjustments required by this policy, as part of the continuous improvement process.
- **Employees:** become familiar with the policy and adopt the recommendations.
- **Audit Committee:** periodically review and monitor compliance with the policy.

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6. REFERENCE DOCUMENTS

- DLTD Comprehensive Policy.
- International Finance Corporation's Performance Standard 5 (*Land Acquisition and Involuntary Resettlement*).
- Handbook for Preparing a Resettlement Action Plan (IFC).