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SUSTAINABILITY REPORT

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DRUMMOND LTD.
COLOMBIA

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S U S T A I N A B I L I T Y R E P O R T





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Drummond Ltd. transparently discloses its performance within the framework of economic, social and environmental dimensions to all of its stakeholders, through this Sustainability Report. This report was prepared according to the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI), G4 version, following the requirements in accordance with the “essential” option of the Guide and the Content Index is included in the appendix so that the reader can check the indicators and basic contents.

The information submitted in this Report corresponds to the 2015 fiscal year, from January 1 to December 31. However, the last Sustainability Report was published in September 2015 and refers to actions from 2013 and 2014. Therefore, some

indicators from this report take into account consolidated historical information from those two years. Starting with this Sustainability Report, the company will report on an annual basis.

To identify the contents of this Report, a materiality analysis was conducted with the help of an independent third party, which allowed the company to recognize and understand the decisive issues in managing Drummond Ltd.’s sustainability and for which responses are provided to the GRI indicators that correspond to those topics.

In order to provide logic to this Sustainability Report and allow the reader to understand its organization and sustainable management, three sections have been defined that incorporate this information:

OUR ORGANIZATION

This section allows readers to understand who Drummond Ltd. is, what its business model is, some general figures from the organization, and its corporate governance and its strategy.

SUSTAINABILITY FRAMEWORK AT DRUMMOND LTD.

This explains how the company addresses sustainability, the identification processes and relationships with stakeholders, and the methodology used to identify critical issues.

SUSTAINABLE MANAGEMENT AT DRUMMOND COLOMBIA 2015

This shows how the company addresses the critical economic, social and environmental topics at its Mine and Port.

This Sustainability Report was prepared by the Communications Department at Drummond Ltd. and has been checked by the Sustainability Committee to ensure that all material aspects were covered. Additionally, by decision of the Board of Directors and senior management, BSD Consulting was hired to conduct an independent assessment of the Report in accordance with the GRI G4 guidelines and the principles of the AA1000 Assurance Standard, in order to ensure the reliability and accuracy of the information published. The scope and conclusions of the inspection can be read in the independent review report in the appendices.



Any suggestions, opinions or concerns for the company regarding this Sustainability Report can be sent to:

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Communications Consultant

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Email: comunicacionesrh@drummondLtd.com



POSTHUMOUS LETTER FROM GARRY NEIL DRUMMOND CEO OF DRUMMOND COMPANY, INC.

G4-1

G4-2

JUNE 8, 1938 - JULY 13, 2016

Drummond continues to work responsibly and with a commitment to the country. Despite the difficult market conditions, in 2015 we exported 28 million tons of coal and contributed \$202 million dollars to the State in royalties and compensation, plus \$72.1 million dollars in taxes and contributions.

These figures reflect the commitment to developing mining operations that continue to generate more benefits for the country and its people. Above all we support

highly efficient activities, which promote production chains and provide tools to the State to improve the quality of life of all Colombians.

However, that is only part of our work. At Drummond, we work every day so that our coal can make it possible to meet the goals of wellbeing and economic progress for thousands of people in Colombia. This Sustainability Report becomes our testimony to our commitment to this country and its people, and the vehicle to reaffirm our responsibility to each of our stakeholders.

Our commitments to the community in the area of influence of our operations includes: creating jobs with a preference for residents of the region, offering training programs for young high school graduates from the area of influence, developing the supply chain through purchasing goods and services from suppliers located in the mining and port municipalities, giving priority to programs benefitting children and with an impact on the community, and we have adopted both the Voluntary Principles on Security and Human Rights (HR) and the United Nations



Guiding Principles on Business and Human Rights, among others.

Therefore, we are pleased to note that in 2015 we held a Good Governance Seminar to provide tools, information and training to newly elected governors, mayors, city council members and departmental and municipal assembly representatives from the mining, railroad and port areas of influence. In a potential post-conflict scenario for Colombia, combined efforts by the company and the local governments and the communities will become very important, so that the resources that we generate and contribute to the region and the country can be truly beneficial to those who need them the most.

As part of that Seminar, we signed with the Administrative Department for Social Prosperity (DPS, in Spanish) a Memorandum of Understanding, where Drummond will allocate \$1.0 billion pesos to social and economic development, childhood nutrition and housing improvement projects.

In environmental terms, our commitment is to manage the impact of our activity in

order to mitigate the ecological footprint of our operations. Therefore, in recent years we have focused on preserving nearly 5,000 hectares to contribute to improving water regulation and the recovery and protection of forests; on rescuing, preserving and relocating wild animals that enter our operations, caring for air quality and efficiency in water use and the disposal of materials and waste.

These are just some examples of what we will be reporting later in this Report. At Drummond, we are confident that this Report is a valuable tool to constantly improve our work and to renew our commitment to Colombia.

Thank you for being a part of this important process.


GARRY NEIL DRUMMOND



LETTER FROM JOSÉ MIGUEL LINARES

PRESIDENT OF DRUMMOND LTD. COLOMBIA

G4-1

G4-2

In order to further strengthen our role as a good neighbor, this Sustainability Report that you are about to read accounts for how Drummond worked during 2015 to optimize the conditions for coexistence by the company alongside its communities, to have increasingly efficient and environmentally-friendly operations, to contribute to local progress through the creation of decent, well-paying jobs and to continue to mine coal with high added

value that contributes to the country's competitiveness and its economic development.

Drummond is confident that the evolution and growth of its business depends, to a large extent, on building an open dialogue with all stakeholders that are related to the operations. Therefore, we are proud to present our second Sustainability Report prepared based on the guidelines from the Global Reporting Initiative (G4).

In an environment that is increasingly difficult for the coal industry in Colombia, given the international drop in prices for the mineral and the business' strong competition around the world, having sustainable and highly efficient extraction has become our greatest challenge. To that extent, this report presents the work performed in 2015 to accomplish what we set out to do in previous years, and it is also a road-map on how we responded to the issues that are most important to our stakeholders.



But we do not just want to present our work inside of our company. In this document, you will also find the areas that Drummond focused on in 2015 to contribute to strengthening the mining industry in Colombia and to protecting human rights in its territory. I am pleased to share that, in partnership with different companies around the country and the Presidential Council for Human Rights, we have placed a significant role in drafting the National Action Plan (PNA, in Spanish) on Human Rights and Business.

As part of the construction of this Plan, during the second half of 2015 an initiative began related to best practices in human rights by the coal-producing companies located in Cesar and Guajira – Drummond, Prodeco and Cerrejon. The three companies implemented the Voluntary Principles on Security and Human Rights (VPs), the U.N.'s Guiding Principles on Business and Human Rights (UNGPs) and the Guidelines for Public Policy on Human Rights and Business from the Presidential Council for Human Rights.

We are committed to informing all of our stakeholders by reporting daily, appropriately, promptly and transparently. In that sense, we invite you to study this in-depth Report of our path in 2015, of our challenges, the difficulties that we are facing and, above all, our expectations and challenges for 2016.

Thank you for letting us tell you our story.



JOSÉ MIGUEL LINARES

C H A P T E R
02
R E S U M E



• D R U M M O N D ' S I D E N T I T Y •







DRUMMOND LTD. OVERVIEW

G4-3

G4-4

G4-6

G4-8

G4-9

Drummond Ltd. is a mining company that operates only in Colombia, property of Drummond International LLC, a company based in Alabama, United States. The company is owned by Drummond Company, Inc. and its affiliates 80% and ITOCHU Coal Americas Inc. 20%.

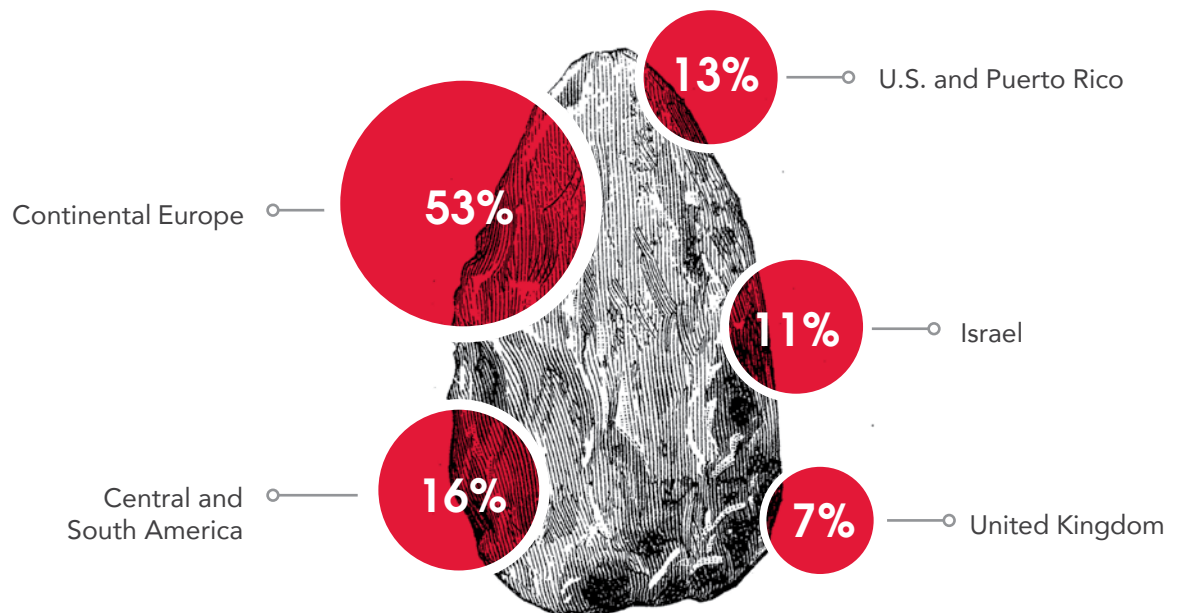
The company's operations are based on the exploration, production, transportation and exportation of steam coal. The mining operations are located on the Atlantic Coast, concentrated in two centers: La Loma and El Descanso, located in the Cesar coal basin. It also has the Rincón Hondo, Similoa and Cerrolargo projects, which are currently in the environmental licensing process.

Drummond Ltd. also has a fleet of twelve trains to transport coal from the Mining operations to the Port using three car-loading facilities adjacent to

the Mine. The rail lines are connected to Ferrocarriles del Norte de Colombia (Fenoco), with stretches that have gradually been expanded to double tracks. It is expected that construction of this expansion will be fully completed in the next three years.

The export operations are carried out at Puerto Drummond, a port concession from the Colombian government located in Ciénaga, Magdalena, 20 kilometers from the city of Santa Marta. This terminal has the capacity to transport 32 million metric tons of coal per year and to store 800,000 tons.

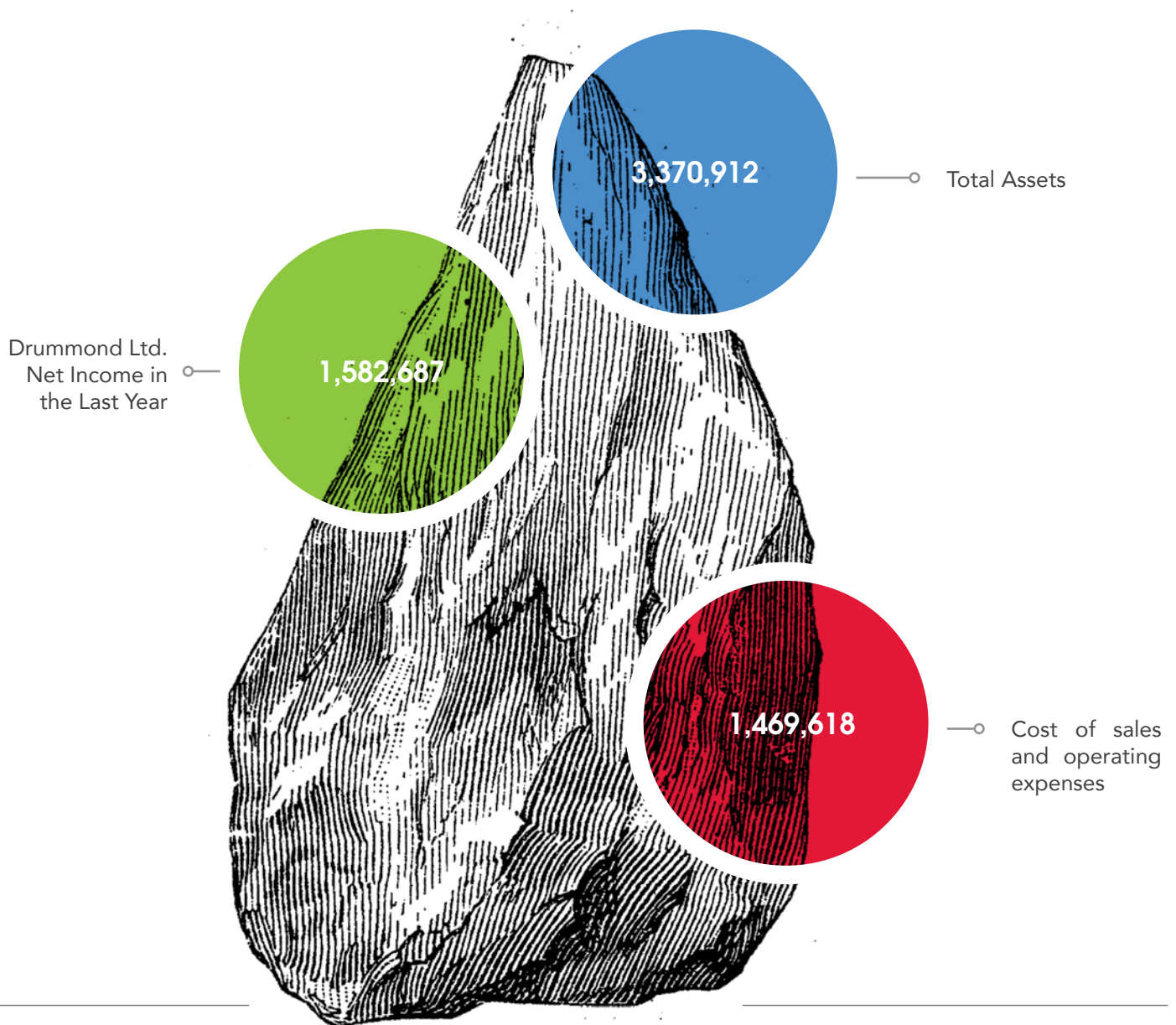
The coal that is exported is headed for the world's main power plants, so it covers markets in the United States, Europe, Asia, Central America and South America. Exports are distributed among the following geographic destinations:



DRUMMOND BY THE NUMBERS

G4-9

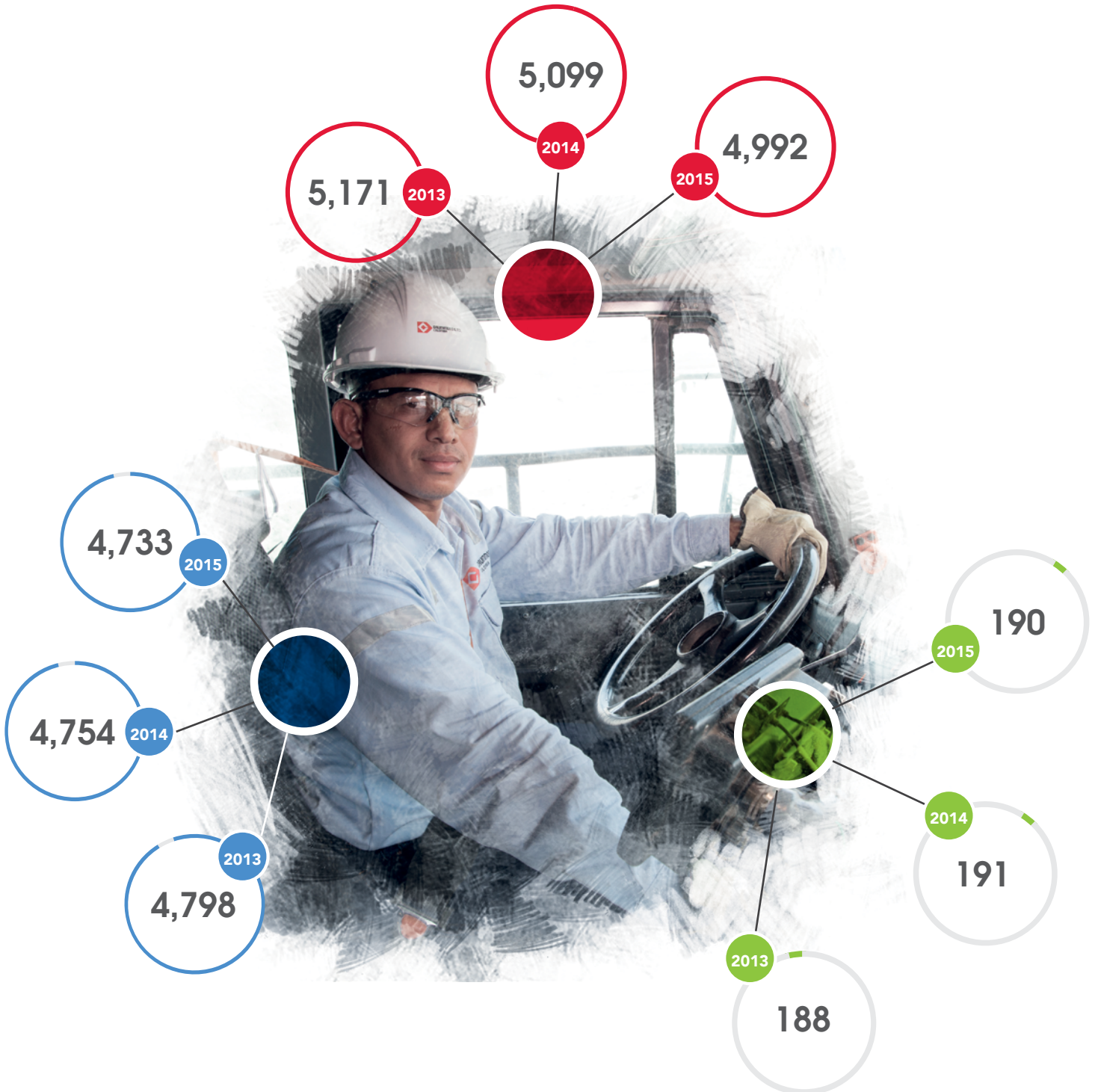
Dollars in thousands



28,045,888
Metric Tons of Coal Produced
and exported in 2015

Capitalization Total Liabilities: **24%** Equity: **76%**

*The data on the printed version of this report in this page had clerical errors. These figures have been corrected on this version.

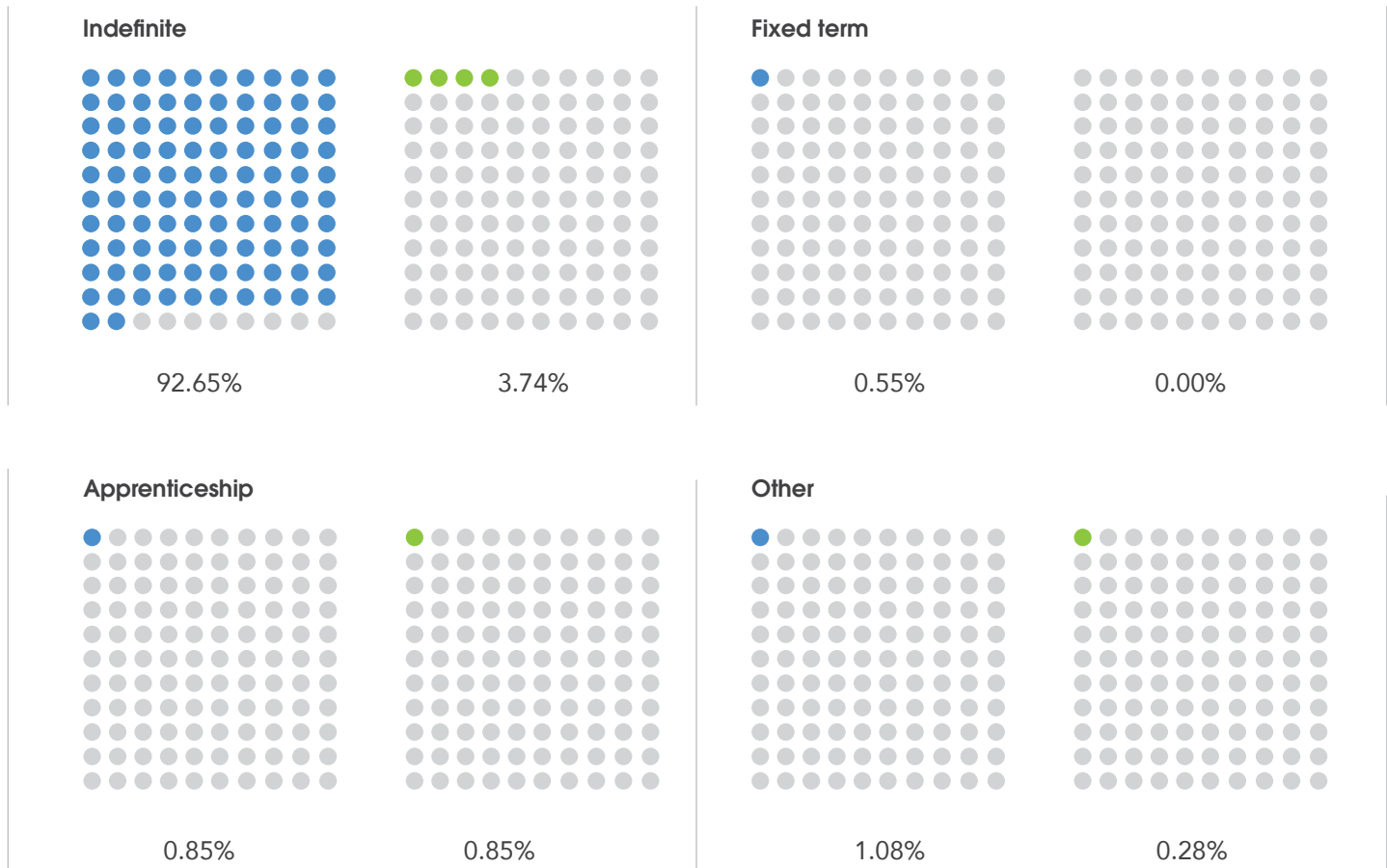


- Total Employees (directly with the company and outside workers).
- Male employees hired directly by the company.
- Female employees hired directly by the company.

*For 2015, direct expatriate employees are included.

PERCENTAGE OF EMPLOYEES BY TYPE OF CONTRACT

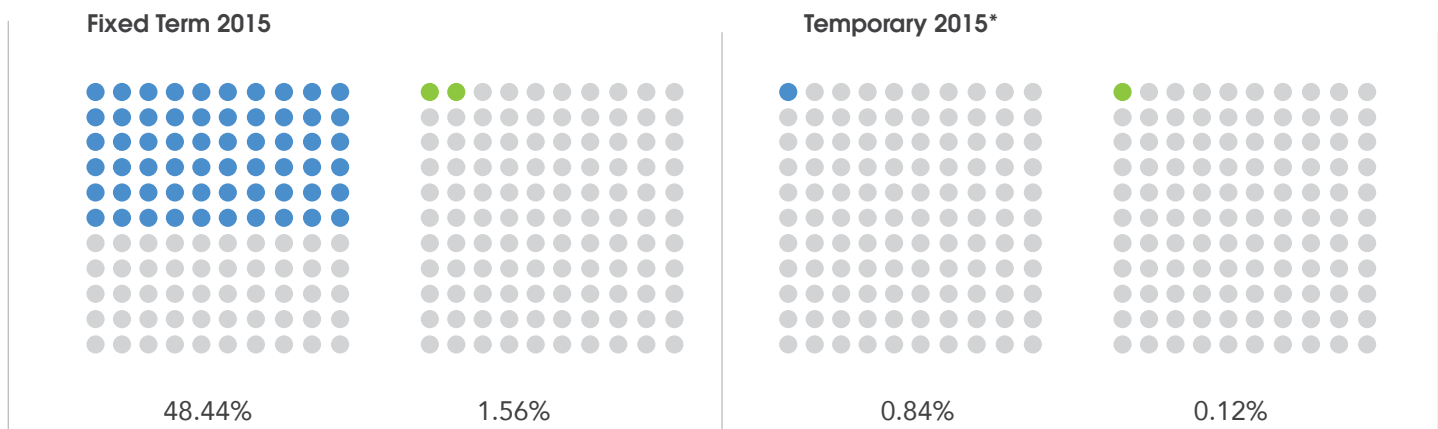
● Male ● Female



PERCENTAGE OF EMPLOYEES BY REGION AND GENDER

● Male ● Female

Percentage of employees from the department of Cesar



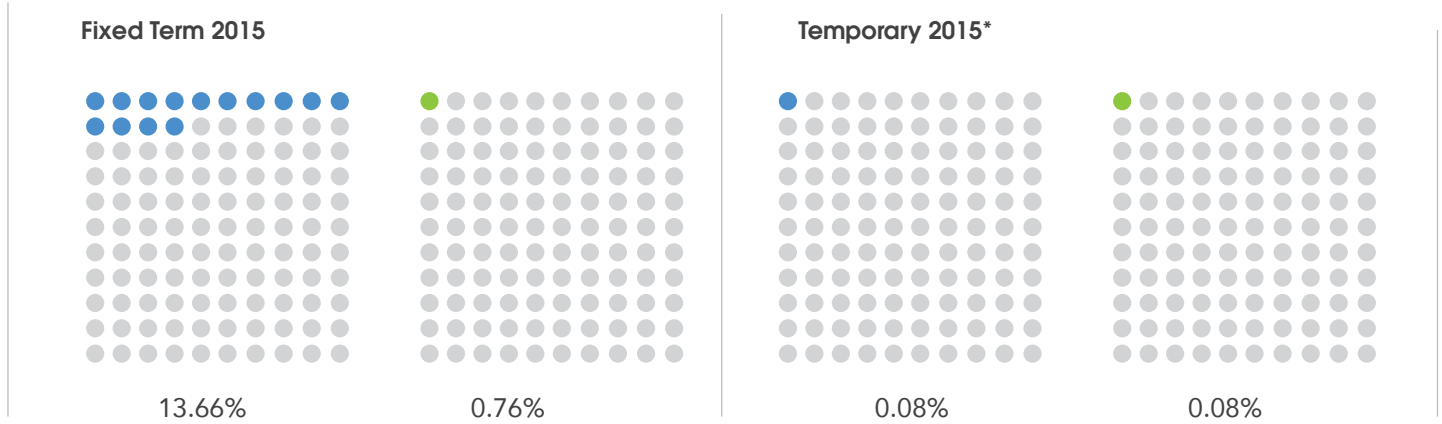
*This matrix is included for purposes of consistency with the contents of the report from 2013-2014.



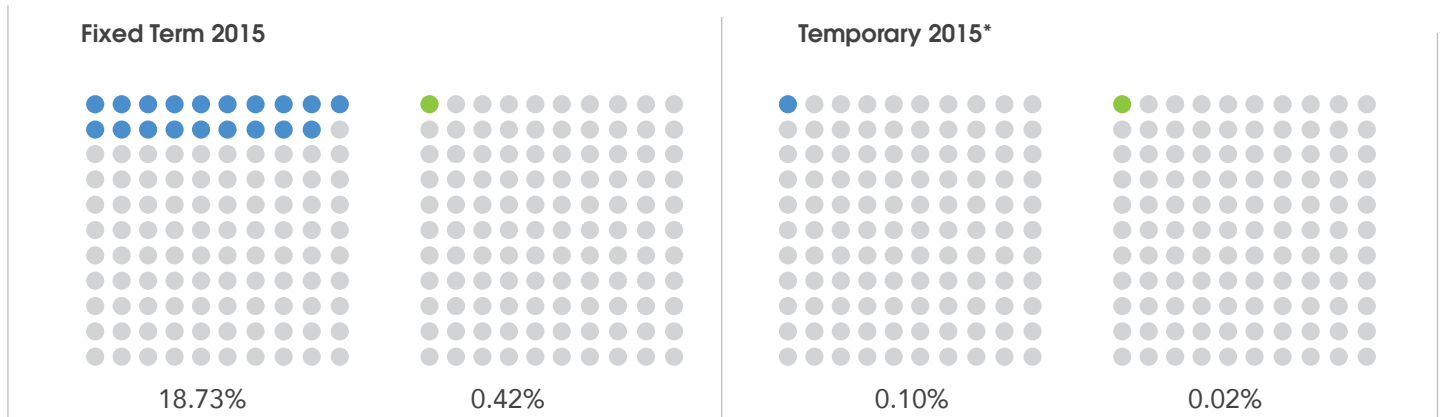
• • • • • • •

● Male ● Female

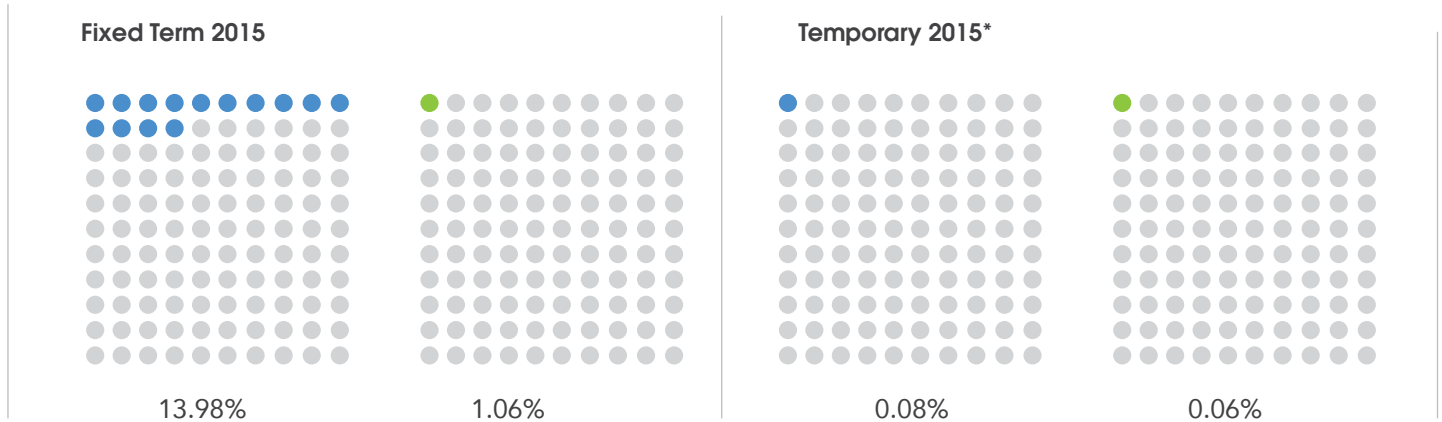
Percentage of employees from the department of Magdalena



Percentage of employees from other departments on the Caribbean coast



Percentage of employees from other departments in the country



*This matrix is included for purposes of consistency with the contents of the report from 2013-2014.

VALUE CHAIN

The Atlantic Coast has the largest steam coal reserves in the country, which are characterized by their high quality, considering their high energy content², low moisture, ash and sulfur content. In particular, Drummond Ltd. has coal with some of the lowest sulfur and ash levels, and it is very low in nitrogen oxide emissions.

Drummond Ltd.'s value chain begins by performing economic feasibility studies based on the available reserves. The economic feasibility study assesses the investments needed to ensure both operational efficiency and the protection of the health of its employees and the environment. Once the feasibility criteria have been met, and as part of its adaptation of the site, the company carries out a process to preserve the natural and cultural richness of the area through archaeological rescues, wildlife relocation, collection of native seeds and seedlings, the implementation of forestry projects and the collection of soil samples. Then it proceeds with the design, development, assembly and preparation of the mines.

Drummond Ltd. performs large-scale, highly technological open pit mining. This includes the stages of mining, selecting, transporting and shipping the coal, all of which are performed under efficient monitoring and control processes. In the extraction process, coal for sale is separated from overburden; the latter is collected in dumping areas, under practices that ensure the smallest possible environmental impact. Once extracted,

the coal is transported from the Mine to a collection center, where it is separated, sorted and crushed, so that the end product meets the conditions required by the market.

The coal is then taken via railroad to Puerto Drummond to be exported. There, the product is stored according to its features and quality, so that mixtures can be prepared at the time of shipment according to each customer's quality requirements. It is worth noting that the port has OHSAS 18001 industrial safety and occupational health certifications, and physical security and port protection BASC and ISPS certifications.



2. UPME (2005). Colombian Coal. A Source of Energy for the World: http://www.upme.gov.co/Docs/Cadena_carbon.pdf.

OUR VALUE CHAIN

1
GEOLOGICAL,
MINING AND
ENVIRONMENTAL
STUDIES

2
MINING-
ENVIRONMENTAL
DESIGN

3
COMMUNICATION
AND LICENSE



Archaeological
rescue

Wildlife
translocation

Seedling and
seed collection

Forestry

Soil collection and storage

l.
COAL
STACKS

k.
Trucks

j.
Loader

h.
Excavator

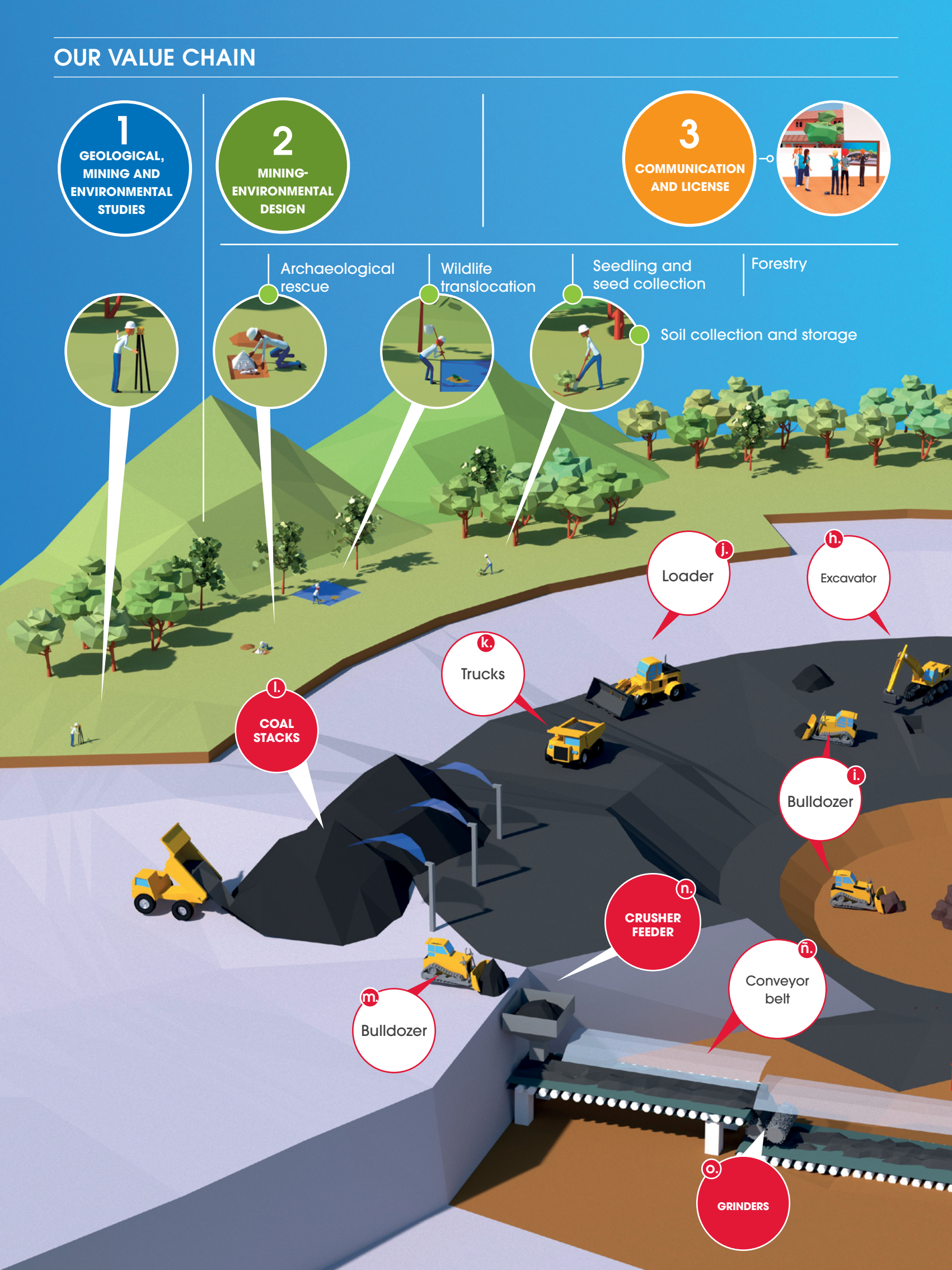
i.
Bulldozer

n.
CRUSHER
FEEDER

m.
Bulldozer

ñ.
Conveyor
belt

o.
GRINDERS





Implementation of the environmental management, monitoring and control plan



Sedimentation and treatment pools to prevent water from polluting the channels



Constant irrigation plan for roads and coal storage yards to maintain air quality



Replanting: the process by which vegetation is replanted in the areas that have been affected by mining activities

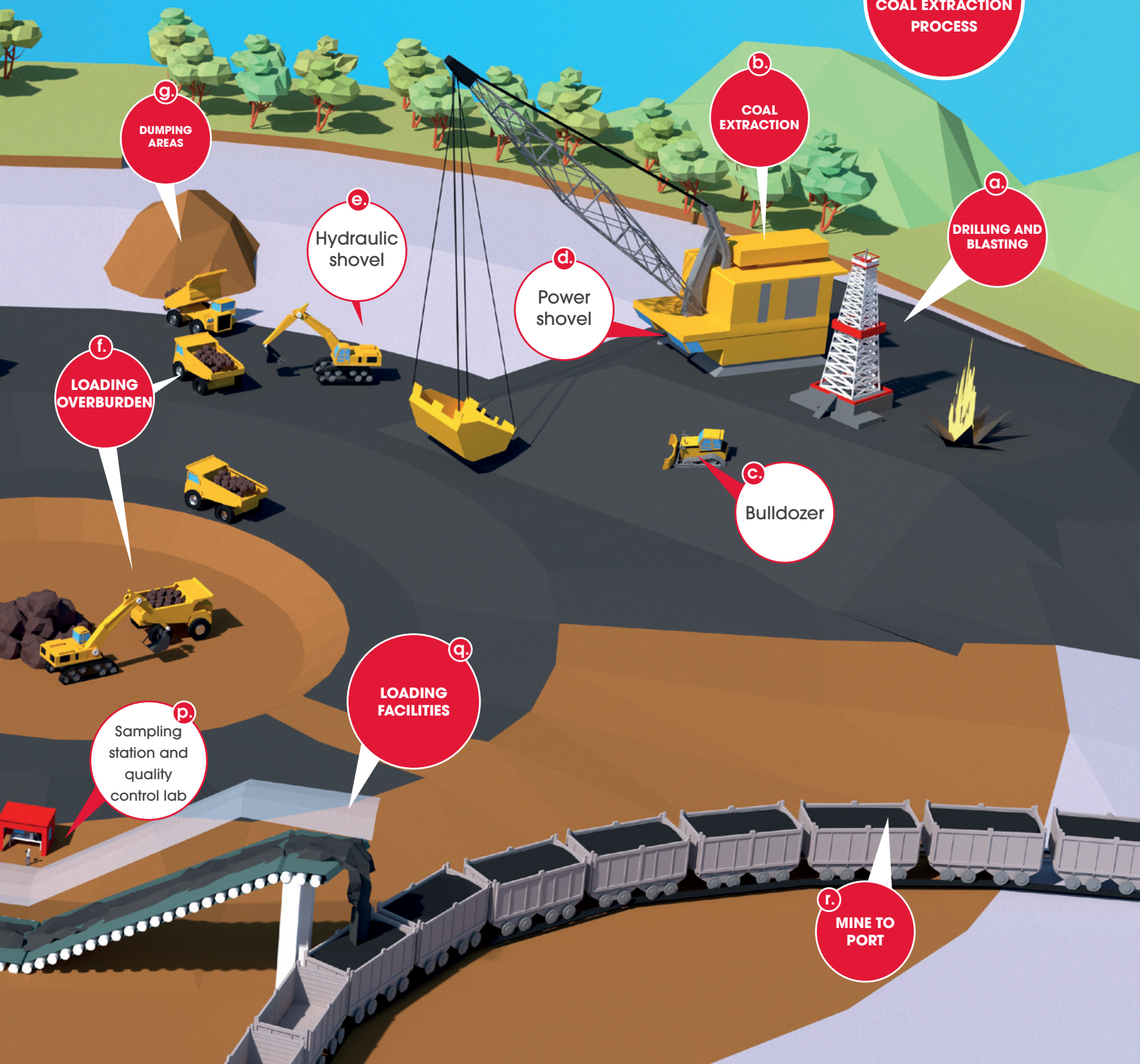


Waste separation for storage



Constant information to the neighboring communities on the management actions and social investments

4
COAL EXTRACTION
PROCESS



g.
DUMPING
AREAS

b.
COAL
EXTRACTION

a.
DRILLING AND
BLASTING

d.
Power
shovel

e.
Hydraulic
shovel

c.
Bulldozer

f.
LOADING
OVERBURDEN

q.
LOADING
FACILITIES

p.
Sampling
station and
quality
control lab

r.
MINE TO
PORT



ENVIRONMENTAL COMPLIANCE REPORT

During the operation, hydro-biological monitoring is conducted on the wildlife in order to relocate it, solid waste is disposed of properly and the beaches at the port are monitored to check for the presence of coal, among many other environmental monitoring activities. Finally, a document is published biannually and another is issued annually, to report to the environmental authorities on the implementation of the management measures and the results of the monitoring activities.

5
COAL
EXPORTING

UNLOADING
FACILITIES

6
TRANSPORTATION
TO THE THERMAL
POWER STATION

7
POWER
GENERATION



DRUMMOND'S STRATEGY

Drummond Ltd.'s goal is to offer high quality coal to its customers worldwide, developing competitive products and services that meet the increasing demands of the market. In a continuing effort to provide comprehensive services to each of its customers, the company has sought to diversify its portfolio in industries related to the mining and transportation of coal and its derivatives, where its experience and knowledge provide added value.

Additionally, Drummond Ltd.'s commitment to Colombia is firm. Every day, in every project, at each level of the company, it

considers the impact of its operations on the communities and the environment. Therefore, when conducting its business, it is vitally important that it carry out its processes safely, protecting the environment and the health and lives of its employees, contractors, visitors and communities.

For all of these reasons, Drummond Ltd.'s strategy is aimed at maintaining its competitiveness in the market, under a framework of sustainable production in economic, social and environmental matters, which has led it to define three strategic pillars:

PILLAR 1: CORPORATE SUSTAINABILITY



Sustainable development strategies are designed and implemented throughout the mining operations and in accordance with market and technological developments.



It seeks to maximize the recovery of reserves at a competitive cost, to maintain the dynamism of the local economies.



The operation is conducted within the legal framework, adopting the highest industry standards.



Drummond Ltd.'s Comprehensive Policy is the company's main management guideline:
<http://www.drummondltd.com/wp-content/uploads/Drummond-Comprehensive-Policy.pdf>



PILLAR 2: EFFECTIVE SOCIAL AND ENVIRONMENTAL MANAGEMENT

Drummond Ltd.'s contribution to Colombia's economic and social development, and its commitment to the environment, goes beyond legal compliance:

1

The sustainability actions are focused on controlling and mitigating the impacts of the mining, transportation and shipping of coal.

2

The highest standards in environmentally responsible practices are adopted to protect the environment.

3

Continuous and long-lasting progress is the driver for improving the quality of life in the communities within the company's area of influence.

4

Considerable investments are made in community initiatives, working closely with the local governments and designing and implementing programs for the development and benefit of the communities.



To carry out this contribution, the company relies on the following policies and procedures:

-
- Social Management:

<http://www.drummondLtd.com/social-responsibility/?lang=en>

- Community Assistance Policy:

<http://www.drummondLtd.com/responsabilidad-social/politica-de-atencion-a-la-comunidad/>

- Human Rights Policy:

<http://www.drummondLtd.com/wp-content/uploads/HR-POLICY.pdf>

- Sustainability-Oriented Strategy (environmental management):

<http://www.drummondLtd.com/environmental-commitment/?lang=en>



PILLAR 3: EMPLOYEE WELLBEING

At Drummond Ltd., our employees come first. For that reason, the company works to ensure their wellbeing, offering, in addition to their pay, a good organizational climate and the conditions necessary to perform their work comfortably, efficiently

and safely. There is also a constant supply of training and refresher courses to promote staff professionalization. To ensure these conditions, the company relies on the following policies and procedures:

1

Occupational health and industrial safety as a priority

2

Employee training and education programs: <http://www.drummondLtd.com/working-at-drummond/training-programs/?lang=en>

3

Human Resources Policy: <http://www.drummondLtd.com/wp-content/uploads/Human-Resources.pdf>

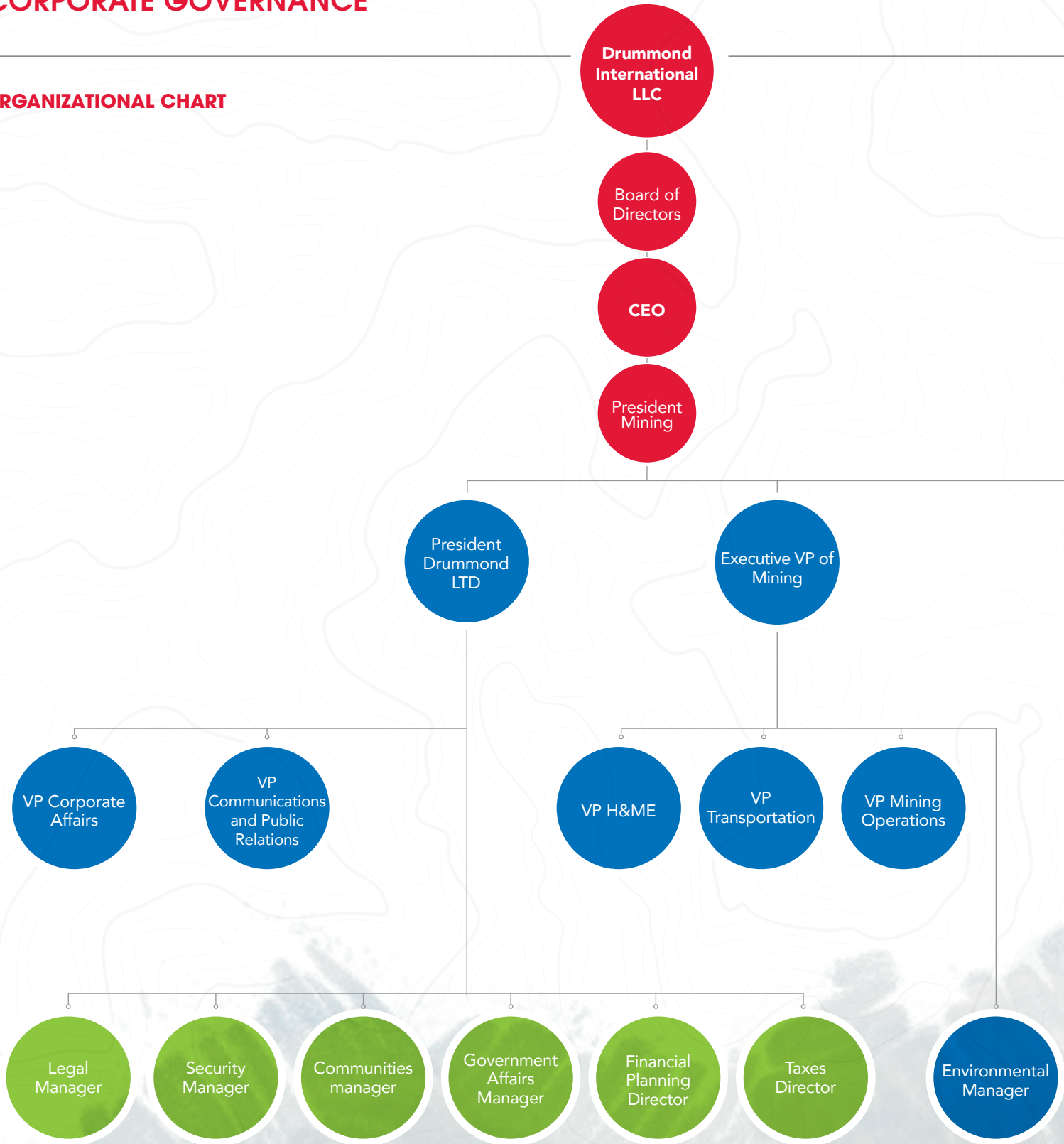
4

Managing Recruitment and Hiring: <http://www.drummondLtd.com/wp-content/uploads/SELECTION-AND-RECRUITMENT-POLICY-CHANGE.pdf>



CORPORATE GOVERNANCE

ORGANIZATIONAL CHART







BOARD OF DIRECTORS

G4-34

G4-36

G4-42

Drummond’s governance structure is led by the Board of Directors, which is the highest authority responsible for the company’s strategy and governance. Drummond International’s Board of Directors is made

up of Garry Neil Drummond as Chairman of the Board and CEO of Drummond Company, and includes three other directors, two from Drummond Company, Inc. and one from ITOCHU Coal Americas, Inc.

COMMITTEES

The Board of Directors includes the Executive Management Committee, whose role is to approve major investments in operations.

At the managerial level, Drummond Ltd. has the following committees:

Audit Committee:

Reviews and monitors the effectiveness of the company’s internal controls: the annual risk assessment, the scheduled audit plan for the following year (based on the annual risk assessment) and the audit review reports issued during previous years.

Social Responsibility and Sustainability Committee

Directs the organization toward a model of sustainable development, aligning the business with leading practices in the global mining and energy sector.

Communications Committee:

Promotes and facilitates access to and the exchange of information with stakeholders.

Joint Committee on Occupational Health (COPASTT):

Participates in investigations into workplace incidents, conducts safety inspections, promotes training activities and publishes policies and guidelines on health and safety.





ROLE OF THE BOARD OF DIRECTORS ON ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES

G4-35 G4-49 G4-50

At the managerial level, the committees communicate information and alerts related to economic, environmental and social matters to the President of Drummond Ltd. and to the President of Mining, through direct or formal mechanisms, such as documents and memoranda. They, in turn, communicate

directly with the CEO and Chairman of the Board, who reports to the other members of the Board so that it can evaluate the situation and make decisions.

The majority of the issues and alerts communicated to the Board of Directors can be grouped into the following categories:

Updating policies	Reviewing recruitment issues	Information published about the company	Changes in legislation that may affect the company
Budgets	Status of the coal market	Progress on social processes, such as community resettlements	Issues of an environmental nature



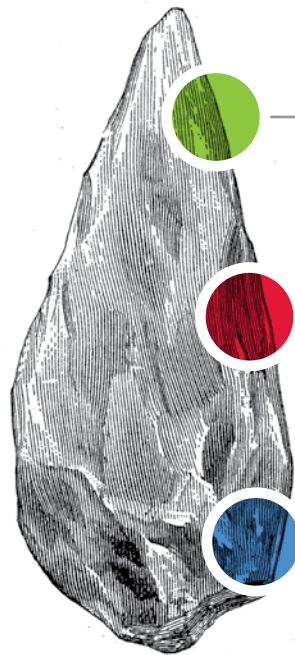
ETHICS AND INTEGRITY

G4-56

G4-57

G4-58

The core concepts for Drummond Ltd.'s way of thinking are recorded in a series of policies that cover aspects such as integrity, safety, responsibility, respect for people and the environment:



Drummond's Comprehensive Policy serves as its main management guidelines and provides the norms for the operations to be conducted safely, protecting the health and lives of all workers.

Additionally, the company has the Internal Labor Regulations, which contain the mandatory rules for all workers.

The Code of Conduct establishes the ethical guidelines for all staff in the organization's various relationships, considering that each employee is a representative of the company when carrying out their activities.

The Vice President of Human Resources is responsible for distributing and updating these rules, which are published in Spanish and English on the company's website and are distributed annually throughout the organization.

INTERNAL AND EXTERNAL MECHANISMS FOR PROMOTING LAWFUL AND ETHICAL CONDUCT

EMPLOYEES

Drummond Ltd. has a Complaints Channel so that any suspicion or knowledge of irregularities in the workplace can be submitted safely by the complainant and promptly resolved. Any situations or complaints that are related to personal interests are not handled through this mechanism. The anonymity of the person who submits the report of an irregularity or a complaint is ensured; nonetheless, if a person, within their free will, wishes to identify themselves, the company will maintain absolute confidentiality about the actions taken as a result of these complaints.

The person concerned should send their complaint to denuncias@drummondLtd.com,

or to Calle 72 No. 10-07 in Bogotá, to the attention of the Complaints Committee, which is made up of a representative of the Legal Department and another from the Human Resources Department.

The final investigation report will be presented to the Vice President of Human Resources, with the recommendations on the corrective actions that should be taken, if any. On a quarterly basis, a list of the complaints submitted will be sent to the Audit Department, with the decisions

made in each case. If the investigations conclude that there has been a violation of the policies, regulations, contracts, collective bargaining agreements, etc., disciplinary proceedings may be initiated, notwithstanding any eventual termination, and if the findings have an impact of a different kind, complaints may be filed with the competent authorities. The company will take all possible steps to make its various stakeholders aware of the existence of this Complaints Channel.

COMMUNITIES

By publishing the “Community Services Manual,” Drummond Ltd. aims to regulate and communicate the internal processes through which the company handles the requests, suggestions and complaints submitted by the residents of the neighboring communities related to issues of social management, environmental management, land management, recruitment, payments of taxes and royalties, among others, in person at the customer service offices or submitted online to:

atencionalusuario@drummondLtd.com, which was created exclusively for this purpose.

In 2015, eleven complaints were received: one recorded in Valledupar, five in La Loma and five at Puerto Drummond, and all were handled. Five complaints were

resolved, and the remaining six were unfounded. Although the company has a user satisfaction survey, in 2015 it only received a response from the community in two cases: in both, the degree of satisfaction was rated favorably.

The status of the complaints and requests is reported through the Community Service Offices, located in Valledupar, La Loma and Puerto Drummond, and on Drummond Ltd.’s website.

The “Community Services Manual” can be found at:

 <http://www.drummondLtd.com/wp-content/uploads/DTLD-Community-Services-Manual.pdf>

C H A P T E R
03
R E F R E S H I N G
B U S I N E S S



• F R A M E W O R K F O R
S U S T A I N A B I L I T Y A T
D R U M M O N D •







COMMITMENT TO SUSTAINABILITY

Drummond Ltd.'s commitment to sustainability is based on its three strategic pillars³ which correspond to the following:

“Every day, in every project, at every level at Drummond, we consider the impact that our actions have on our employees, on our communities and on our environment.”

With this statement, the company has a position on each core concept:



○ **What it means to work at Drummond**

At Drummond, our employees are our most valuable human capital, their work allows us to be ambitious, to seek challenges and be committed to complex, challenging projects. In that sense, we have progressive thinkers who create flexible solutions to solve complex problems

○ **Social Responsibility**

Drummond continually strives to be a model corporate citizen. It is a company with a Social Commitment and it accepts its role as a source of local, regional and national progress

○ **Environmental Commitment**

Drummond carries out environmental management aimed at sustainability in a pragmatic scope and with a comprehensive vision of what is involved in preventing, mitigating and appropriately controlling environmental impacts

Additionally, it has policies⁴ to guide and support fulfillment of the commitment.

3. To learn more about these pillars, refer to section 2.3 Drummond Strategy

4. All of Drummond Ltd.'s policies can be found at the following link on the company's website: <http://www.drummondLtd.com/our-commitment/?lang=en>

a.
Human Resources Policy: Includes the labor rights that are recognized and respected in Colombia.

b.
Selection and Recruiting Policy: Seeks to attract and hire people with high ethical and professional standards.

c.
Wage Policy: Provides guidelines to attract, motivate and retain talents that contribute to the organizational objectives.

d.
Conflicts of Interest Policy: Provides guidelines to prevent and resolve these conflicts of interest problems.

e.
Communications Policy: Describes the guidelines that the communications produced by the company must follow.

f.
Human Rights Policy: Establishes that Drummond Ltd. declares itself to be a protector of human rights.

g.
Community Assistance Policy: Establishes the mechanisms that facilitate and encourage the constant improvement of relationships with the residents of the villages located in the area of influence.

h.
Resettlement Policy: Contains the guidelines that the company must follow on this issue.

i.
Environmental Sustainability Policy: This document contains Drummond Ltd.'s commitment to environmental legislation, and the constant evaluation and reduction of our potential impacts on this resource.

j.
Energy Policy: Consists of the initiatives that promote efficiency in energy consumption at our operations.

k.
Water Conservation Policy: Establishes the activities to conserve and preserve water, since one of the company's priorities is to maintain the quality and quantity of this resource.

At the managerial level, Drummond Ltd. has a Social Responsibility and Sustainability Committee, whose primary mission is to lead the organization toward a model of sustainable development, aligning the business with leading practices from the global mining and energy sector.



INTERNATIONAL STANDARDS AND INITIATIVES RELATED TO SUSTAINABILITY

G4-15

G4-16

Since 2014 Drummond Ltd. has signed or voluntarily takes into account the following initiatives:



BETTERCOAL:

Drummond Ltd. is the first company to complete the Bettercoal Evaluation Program cycle – which includes completing the self-assessment questionnaire and undergoing an independent field evaluation, as well as a re-evaluation by consultants approved by Bettercoal whose goal is to confirm what was reported by Drummond Ltd. ERM-CVS was assigned by Bettercoal to complete a field evaluation and the re-evaluation at Drummond Ltd. Bettercoal focuses on commitment and continuous improvement, examining management systems, their operation, sustainable performance and impacts, comparing them to the terms of the Bettercoal Code and working with the company to improve its practices over time⁵.



VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS:

In late 2014, the Voluntary Principles on Security and Human Rights were adopted, and during 2015 training and awareness-raising sessions for the company's management and administrative team were held, with the support of an expert advisor on business and human rights.



U.N. GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS:

In 2015, the U.N.'s Guiding Principles on Business and Human Rights were included in the training modules.



PILOT HUMAN RIGHTS PROGRAM:

Drummond Ltd. participated in this program at the invitation of the Presidential Council on Human Rights at which, along with other companies from the sector and the Ministry of Mines and Energy and the National Mining Agency, they shared best practices on business and human rights. The goal was to provide information for the National Action Plan (PNA, in Spanish) on Human Rights and Business that the national government published on December 9, 2015. In the pilot, four specific topics were addressed:

Complaints and claims systems

Relationship with the communities

Analysis of risks and impacts

Relationships between the national government, local governments and businesses

⁵. Read the full article at <http://bettercoal.org/news/colombian-coal-a-bettercoal-view>

Additionally, the company is a member of three national advocacy organizations:



National Business Association of Colombia - ANDI



Colombian Mining Association - ACM



Colombian Petroleum Association - ACP

RELATIONSHIP WITH STAKEHOLDERS

G4-24 G4-25 G4-26 G4-27

Drummond Ltd. recognizes the importance of maintaining relationships based on trust and constant interaction with its stakeholders, not only in the context of the material process and preparing the sustainability report, but continuously.

These groups are selected based on influence and dependency criteria. The first is understood as the capacity to affect organizational decision-making, and the second is analyzed from the perspective of

those who are affected by the company's decisions because their livelihoods depend on them.

Additionally, it has a Communications Committee that promotes and facilitates access to and the exchange of information with its stakeholders.

Below is a list of stakeholders, the relationship mechanisms and topics that are relevant to them.





RELATIONSHIP MECHANISMS

Employees

- Ongoing dialogue between the H.R. department and employees
- 360 Chats

Suppliers

- Ongoing dialogue between the Materials Department and suppliers and contractors
- Comprehensive Manual for Control and Monitoring of Contractors

Society

- Ongoing dialogue with communities through Community Relations Department
- Community Assistance Policy
- Training and information workshops
- Informative and awareness-raising meetings
- Communication about mining projects
- Visits to mining operations
- Radio program

NGOs

- Ongoing dialogue through the Community Relations Department
- Community Assistance Policy
- Training and information workshops
- Informative and awareness-raising meetings
- Communication about mining projects
- Visits to mining operations
- Radio program





Government

- Ongoing dialogue with state agencies
- Letters of request, inquiries
- Workshops with state agencies
- Visits to mining operations

Customers

- Ongoing dialogue through the Drummond Coal Sales office

Unions

- Ongoing dialogue with the H.R. Department
- Periodic meetings
- Collective bargaining

Board of Directors

- Ongoing dialogue with the President's Office
- Ongoing dialogue with the H.R. Department





MEDIA

Employees

- Sustainability Report
- User Assistance Manual
- Drummond Te Informa
- Revista Drummond
- Press Releases

Suppliers

- Sustainability Report
- Drummond Te Informa
- Revista Drummond
- Press Releases

Society

- Sustainability Report
- User Assistance Manual
- Drummond Te Informa
- Revista Drummond
- Press Releases

NGOs

- Sustainability Report
- User Assistance Manual
- Drummond Te Informa
- Revista Drummond
- Press Releases

Government

- Sustainability Report
- Drummond Te Informa
- Revista Drummond
- Press Releases

Customers

- Sustainability Report
- Newsletters
- Revista Drummond
- Press Releases

Unions

- Sustainability Report
- User Assistance Manual
- Drummond Te Informa
- Revista Drummond
- Press Releases

Board of Directors

- Sustainability Report
- Financial reports
- Revista Drummond
- Press Releases
- Drummond Te Informa







RELEVANT
DRUMMOND
ISSUES THAT ARE
VERY IMPORTANT
FOR EACH GROUP

Employees

- Respect for human rights
- Management of workplace health and safety
- Managing human talent, giving precedence to worker welfare
- Management and communication of initiatives related to climate change and environmental protection
- Health and environmental protection in transportation logistics

Suppliers

- Positive economic impact on the local economy
- Timely information on the projects' financial viability
- Information on the impacts of coal transportation on health and the environment
- Management of local suppliers and from the area of influence
- Management of workplace health and safety

Society

- Management of and investment in local communities
- Control and monitoring of emissions to ensure air quality
- Protection and monitoring of water resources in the region
- Management of impacts of the transportation logistics on health and the environment
- Improving mechanisms for communicating and disseminating activities

NGOs

- Protection and efficient use of water resources
- Control and monitoring of emissions to ensure air quality
- Management and investment in local communities
- Management of climate change
- Protection of land, plant cover and fertile soil







MATERIALITY ANALYSIS

G4-18

Drummond Ltd. is aware that the risks and opportunities related to sustainability, inherent in its operational activities, are dynamic over time; this is why it conducted a materiality analysis with the assistance of an independent third party that allowed it to identify the

determinants that can significantly impact environmental, social and corporate governance issues for the company or significantly influence the decisions by the stakeholders described above. To perform this activity, the following methodology was implemented:

STEP 1: IDENTIFICATION

In this step, important issues for the industry were identified using the following information:



List of topics identified by the GRI in G4 and in the sector supplement for metals and mining.



Materiality analysis for the 2013-2014 report.



Annual reports from four examples from the sector that include international and national mining groups.



International standards and initiatives such as the Bettercoal code.



The company's corporate policies.

This made it possible to prepare a list with 104 topics grouped into 21 relevant issues to be managed, which were endorsed by representatives from the company's sustainability area or similar departments.

STEP 2: PRIORITIZATION

An evaluation and assessment of the relevant issues was conducted using the following sources of information



Bettercoal analysis.



Analysis of stakeholder perception.



Impact meeting held with the risk department.



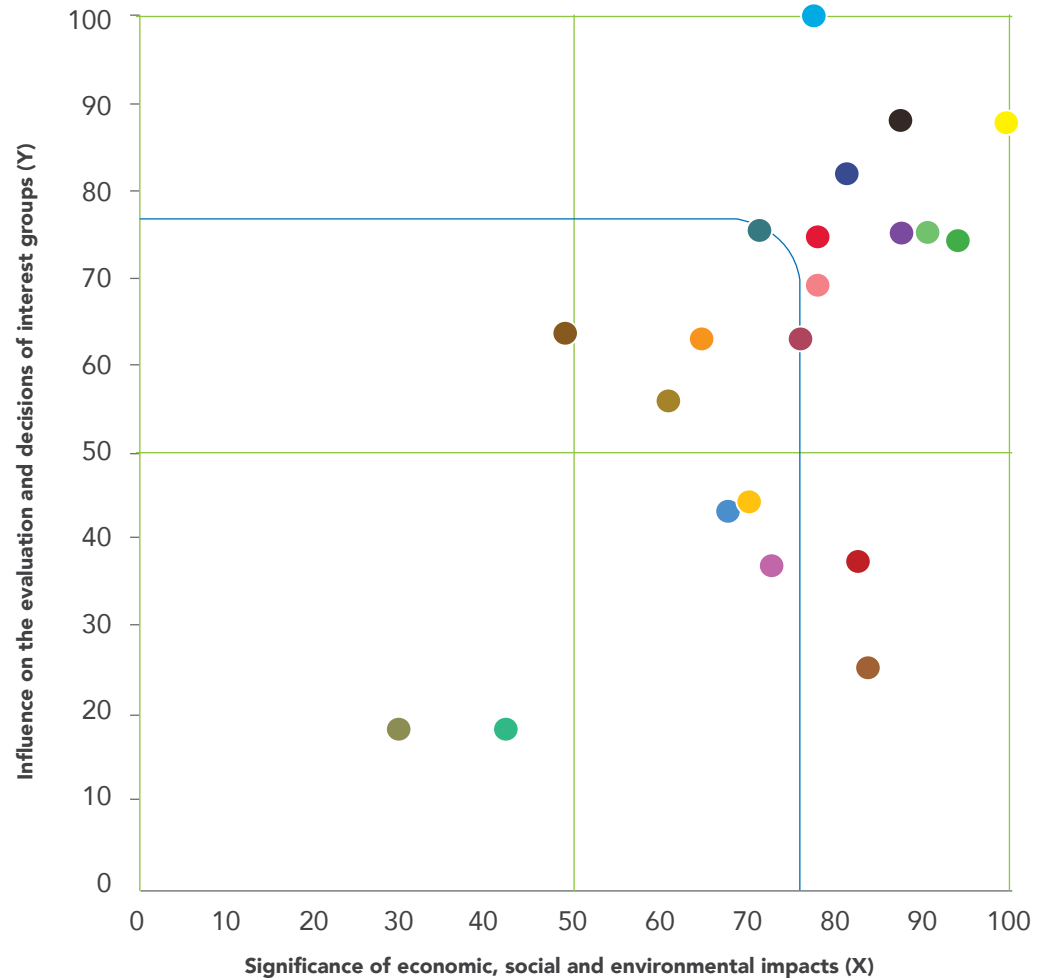
Strategy meeting with the CEO of the company.

STEP 3: VALIDATION

The assessment of these issues made it possible to place them spatially on a Cartesian map where the horizontal axis (**X**) represents the economic, social and environmental impacts for Drummond, and the vertical axis (**Y**), shows their influence on the evaluation and decisions by stakeholders. Additionally, a reference threshold was considered in which 13 material issues were found that were presented and approved by the organization.



DRUMMOND LTD. MATERIALITY CHART



- Workplace Health and Safety
- Impacts on health and the environment in coal logistics and transportation
- Human Rights
- Protection of Water Resources
- Relationship with unions
- Air Quality
- Protection of lands
- Human Talent Management
- Efficient use of resources
- Climate change
- Management of Local Communities
- Responsible management of solid waste
- Economic Impact
- Financial Viability of Projects
- Optimization of efficiency in the energy consumption
- Information on regulatory issues
- Fight against corruption
- Supplier Management
- Customer relationship
- Communication and brand management
- Innovation

The list of the material issues resulting from the analysis is presented below:

G4-19

• Material Issue	• Description of Issue	• Related GRI Aspect
• Economic Impact	<ul style="list-style-type: none">• Identification of the organization’s impacts on the economic status of all of its stakeholders, through the financial capital flows among them• Economic performance• General (environmental costs)• Public policy	<ul style="list-style-type: none">• Financial Viability of Projects• Situation in which taking measures and actions aimed at sustainability do not affect the viability of the projects, taking into account their investment, operation and maintenance costs• -
• Management of Local Communities	<ul style="list-style-type: none">• Activities performed by the company in order to improve quality of life, create wellbeing, mitigate the negative impacts of the operation and promote the social development of the communities where they operate or that are affected by their operations• Local communities• Social complaint mechanisms• Environmental complaint mechanisms• Indirect economic consequences• Artisanal and small-scale mining• Resettlement• Closure planning	<ul style="list-style-type: none">• Supplier Management• Processes aimed at identifying, contracting and evaluating the organization’s suppliers, in order to reduce negative impacts on the supply chain• Environmental assessment of suppliers• Evaluation of suppliers’ labor practices• Evaluation of suppliers in terms of human rights• Evaluation of social impact of suppliers• Procurement practices
• Innovation	<ul style="list-style-type: none">• Guidelines for the implementation of new technologies that are appropriate for the demands of the organization and the environment• Products and services	



• Material Issue	• Description of Issue	• Related GRI Aspect
<ul style="list-style-type: none">• Human Rights<ul style="list-style-type: none">• Policies and assumed by Drummond to ensure respect for and observance of human rights and prevent any action that could cause a violation of these rights• Investment• Nondiscrimination• Freedom of association and collective bargaining• Child labor• Forced labor• Security measures• Rights of the indigenous population• Evaluation• Grievance mechanisms		<ul style="list-style-type: none">• Human Talent Management<ul style="list-style-type: none">• Strategies aimed at the selection, training, compensation and development of employees within the organization, understanding that they play a key role for achieving organizational goals• Employment• Market presence• Training and education• Diversity and equal opportunities• Equal pay for men and women
<ul style="list-style-type: none">• Workplace Health and Safety<ul style="list-style-type: none">• Programs and activities carried out by Drummond to ensure healthy and safe working environments for its employees, including mitigating and preventing accidents• Workplace health and safety		<ul style="list-style-type: none">• Labor Relations<ul style="list-style-type: none">• Practices developed by Drummond to protect the freedom of association of its workers and meet the needs of the existing union groups• Relationships between workers and management• Labor practices complaint mechanisms
<ul style="list-style-type: none">• Protection of Water Resources<ul style="list-style-type: none">• Methodologies and procedures for identifying and evaluating impacts from the use of water resources• Policies and programs to implement measures that are technically and financially viable in order to achieve efficient and rational use of this resource, including measures for reuse, recycling and the conservation of aquifers• Water• Effluents and waste (partial water)		



- **Protection of Lands**

- Measures and best practices to avoid, minimize, mitigate, restore and compensate for habitat loss, degradation and fragmentation, invasive alien species, overexploitation, changes in water resources, nutrient loads, and contamination in the life cycle of the mine; in order to maintain the value and functionality of the priority ecosystems and increase resource efficiency in Drummond's operations

- Biodiversity

- **Air Quality**

- Mechanisms for the prevention, reduction and control of atmospheric emissions in the operations, as well as procedures for responding to emergencies, abnormal emissions and dispersion conditions, and in excess of the patterns and measurements permitted in the air quality criteria

- Emissions (partial, non-GEI)

- **Impacts on health and the environment in coal logistics and transportation**

- Management of the environmental and health impacts associated with the transportation and delivery of products and raw materials and consumable goods, such as: fuel consumption, GHG emissions and other atmospheric emissions, effluents (chemicals), waste, noise, spills (chemicals, oils and fuels), in order to reduce the ecological footprint of the logistics operations

- Transportation
 - Customer health and safety
-



It is important to clarify that the materiality analysis covers the operations at the two Mines and Puerto Drummond in Colombia. Additionally, given that Drummond Ltd. does not work directly with its customers, they were not taken into account in the materiality coverage;

nonetheless, the communities with which it has a relationship that involves anything from coexistence to the provision of services were considered in the analysis. In accordance with the above, the internal and external coverage of this materiality is as follows:

Material Issue	Coverage within the Organization [G4-20]		Coverage outside the Organization [G4-21]		Description outside the Organization
	Mine	Port	Suppliers and Contractors	Communities	
Economic impact	X	X	X	X	
Financial Viability of Projects	X	X	X	X	
Innovation	X	X	X		
Supplier Management	X	X	X	X	Local suppliers are used for production and operation activities
Management of Local Communities	X	X	X	X	
Human Rights	X	X	X	X	
Human Talent Management	X	X	X	X	It is important in the community because it employs people from the community and there is training
Workplace Health and Safety	X	X	X	X	A sizeable group of the workforce sleeps in the area near the community when they are on duty

Material Issue	Coverage within the Organization [G4-20]		Coverage outside the Organization [G4-21]		Description outside the Organization
	Mine	Port	Suppliers and Contractors	Communities	
Labor Relations	X	X	X		
Protection of Water Resources	X	X			
Protecting the Land	X	X		X	
Air Quality	X	X	X	X	
Impacts on Health and the Environment in Coal Logistics and Transportation	X	X	X	X	



CHAPTER
04
REVENUE
MANAGEMENT



• MANAGING THE
ECONOMIC DIMENSION •







ECONOMIC PERFORMANCE

G4-DMA

G4-EC1

The economic performance of Drummond's mining operations is important because the outcome has a direct impact on shareholders and other stakeholders, namely, suppliers, employees, the government and the communities. The company's fulfillment of the expectations of the investors, organizational goals, funding of operations and expansion projects depends on the preservation of its financial resources.

Performance management covers not only the administration, control and budget for the intercompany capital flows, but also proper financial planning that makes it possible to face difficult situations and achieve profitability goals. Specifically, during 2015 the international price of coal continued to drop, with an average variation of 23% as compared to the price from 2014.

As a result, 2015 was defined by cost-cutting in order to address the reduction in international coal prices and the implicit costs in each area of the company were analyzed. Additionally, readjustments were sought with the suppliers of goods and services to the rates that they charge and that impact operating costs. Faced with the risks that this situation represents, the company found that these actions were, in turn, an opportunity to pursue operational efficiencies to reduce financial costs without affecting compliance with industry standards or the organization's commitments to its stakeholders.

The assessment of Drummond's performance management actions are conducted using profitability, solvency and financial liquidity indicators. In this regard, the following points stand out:



EBITDA in the last two years analyzed has been positive, reflecting an amount of US\$113 million in 2015 and US\$286 million in 2014. The EBITDA margin for 2015 was 7.14% while for 2014 it was 16.98%, with a negative variation of only 9.84%, for comparison the drop in prices, was 23% for the years analyzed.



In addition, it is important to highlight the solvency margin, which rose from 320% in 2014 to 357% in 2015, indicating that all of the company's obligations are covered 357% by all of its assets.

*The data on the printed version of this report in this page had clerical errors. These figures have been corrected on this version.



On the other hand, at the end of 2015, current liabilities (less than 1 year) were supported 233% by current assets; this indicator at the end of 2014 was 120%. Similarly, at the end of 2015, current liabilities were supported 126% by liquid assets (easily convertible into cash); this indicator at the end of 2014 was 42%.

Thanks to the management outcomes in terms of economic performance, the company has met its financial obligations and the payments to its corresponding stakeholders. This reflects the economic value generated and distributed in 2014 and 2015, which remained at sustainable levels for the organization in spite of the impact generated by the market conditions (see table below). The resulting amount retained

shows that the company did not show profits in 2014 and 2015. Nonetheless, it met its commitments to suppliers, employees, communities and the Government regarding the payment of royalties and taxes. For the years ahead, Drummond has the financial solvency that will allow it to carry out its mining operations efficiently and guarantee its fulfillment of its commitments to all stakeholders.

DIRECT FINANCIAL AMOUNTS GENERATED AND DISTRIBUTED

Category	Amount 2014 (US\$) ⁷	Amount 2015 (US\$) ⁸
Net Sales Revenue	1,681,882,594	1,582,686,872
Investment Income	5,482,097	8,737,351
Income from Asset Sales	3,853,659	4,696,243
Direct Financial Amounts Generated	1,691,218,350	1,596,120,466
Operating Expenses	1,099,513,203	1,190,508,774
Employee Salaries and Benefits	344,763,789	312,398,124
Payments to Capital Providers	858,945	411,384
Payments to Governments	324,138,734	340,158,916
Investments in Communities	1,801,274	1,194,888
Financial Amounts Distributed	1,771,075,945	1,844,672,086
Financial Amounts Retained	-79,857,595	-248,551,620

7. Ibid

8. Ibid

*The data on the printed version of this report in this page had clerical errors. These figures have been corrected on this version.



PAYMENTS TO THE GOVERNMENT

G4-EC1

The Extractive Industries Transparency Initiative (EITI) is an international coalition of governments, companies and civil society organizations that promotes good governance through transparency in accountability by companies in the mining sector. The companies that participate in the EITI report the payments that they make to the government, so that they can be compared to the revenue officially received from mining activities, to identify discrepancies and confirm the total amounts. Currently, more than 40 countries use this process, which follows guidelines and standards agreed to by the parties involved.

Colombia joined the initiative in 2013 and began the assessment on compliance with the standard. In March 2016, the first EITI report was submitted, showing the results of the verification for the 2013 fiscal year, in which 18 companies participated,

six of which belong to the mining sector. The first EITI Colombia report complied with the established requirements, which made it possible to reconcile 96% of the contributions by companies and the total revenues received by the Colombian government. The discrepancies found between the contributions and the fiscal revenue recorded were less than 0.4%, which represents a consistency record for a first EITI report.

Drummond has played an active role in the EITI in the country, publicly reporting the payments made to the government for taxes and royalties. This is proof of the company's adherence to the highest industry standards, consistent with its responsibility to provide information to its stakeholders with transparency and honesty. The company will continue to demonstrate its commitment to implementing the goals agreed to in the initiative.



SPENDING AND INVESTMENTS FOR PROTECTING THE ENVIRONMENT⁹

G4-EN31

In 2015 the company made environmental investments totaling

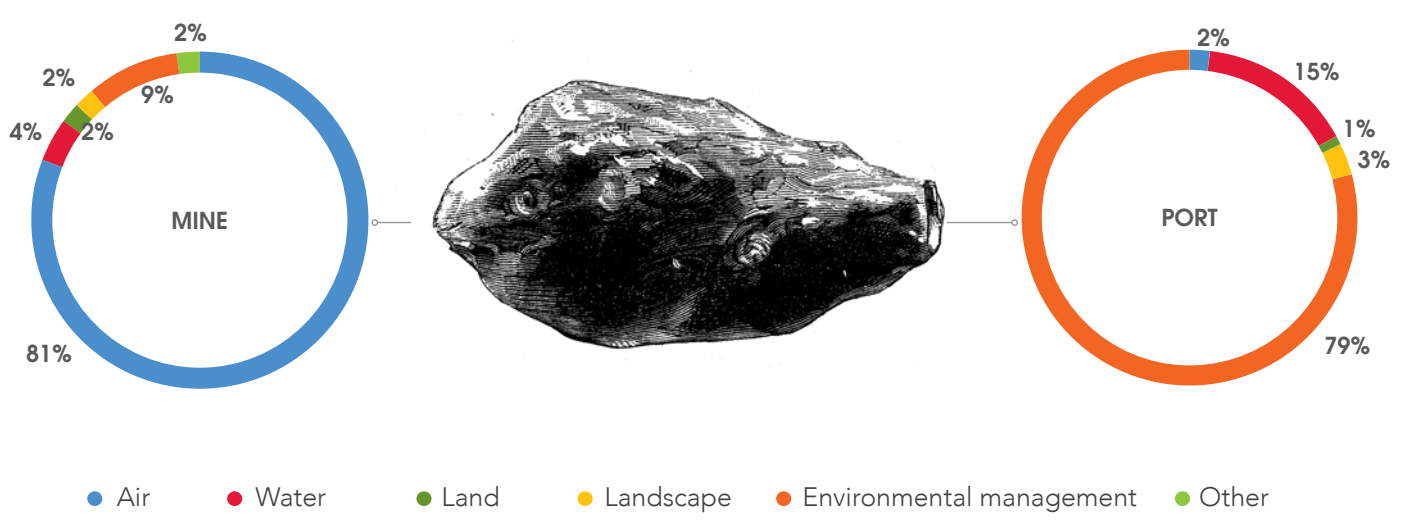
US\$ 19,674,626

9. Ibid

SPENDING AND INVESTMENTS FOR PROTECTING THE ENVIRONMENT

Category	MINE		PORT	
	Amount 2014 US\$	Amount 2015 US\$	Amount 2014 US\$	Amount 2015 US\$
Waste Treatment and Elimination Costs	690,606	718,274	149,449	137,493
Investment in Equipment, Maintenance, Material and Services Needed for Operation	15,426,457	14,129,057		
Total Waste Disposal, Emissions Treatment and Restoration Costs	16,117,063	14,847,331	149,449	137,493
Environmental Education and Training Costs			141,692	72,218
External Management Systems Service Costs	4,866,580	3,020,686	954,901	714,293
External Management Systems Certification Costs			14,749	3,438
Other Environmental Management Costs			976,329	879,167
Total Prevention and Environmental Management Costs	4,866,580	3,020,686	2,087,670	1,669,115
Total Environmental Protection Spending	20,983,643	17,868,017	2,237,120	1,806,609

PERCENTAGE INVESTED BY ENVIRONMENTAL COMPONENT





FINANCIAL VIABILITY OF PROJECTS

G4-DMA

The financial viability of its operations and future projects is a priority for Drummond. The development of new mining projects is defined by both a plan for Integrated Operations and for the shared use of infrastructure, which makes it possible to reduce operating costs and optimize the exploitable coal reserves under each of the contracts signed with the mining authorities. In this way, the company seeks to generate adequate

returns in order to continue fulfilling its commitments to all of its stakeholders.

The company's economic performance and the viability of its future projects are interrelated issues, since proper management of the existing resources will depend on projects having the financial backing which would allow the necessary investments to be made at the appropriate time.

WHERE DRUMMOND LTD. IS HEADED

- Maintain the operations' liquidity, solvency and profitability ratios at satisfactory levels
- Achieve cost efficiencies that offset the current decline in international coal prices, maintaining compliance with the highest industry standards and organizational commitments
- Contribute to local development through the fulfillment of financial commitments to stakeholders

INNOVATION

G4-DMA

At Drummond Ltd., innovation has a direct impact on effective environmental management, and the philosophy requires an ongoing search for improvement alternatives for mitigating and controlling potential impacts on the operations.

The goals of innovation are focused on achieving the sustainability of projects, both at the Mine and the Port, as well

as improving the living conditions of the neighboring communities. In our Environmental Sustainability Policy we commit to innovation, on a fundamental basis, through continuous improvement and the effectiveness of the environmental management as a fundamental basis.

Risk management through constant, reliable and timely research and



monitoring of the evolution of environmental conditions supports the innovation processes, which makes it possible to take timely and effective actions to address risky economic situations.

Based on the above, the company has set four innovation strategies for the different operational stages, which makes it possible to carry out specific alternative activities in harmony with the environment and society.

1

Impact Reduction: The identification of all actions aimed at minimizing or avoiding the environmental impacts foreseen in the operational programs and plans at the Mines and the Port have been established as a priority.

2

Implementing Appropriate Environmental Management Measures: This strategy seeks to evaluate the environmental control actions that have been implemented, identifying those that can be technologically improved for greater efficiency. By doing so, not only environmental risks and industrial safety risks to the operation are reduced. In some cases they become cost savings opportunities.

3

Implementing Reliable and Appropriate Monitoring Plans: This is a strategy where innovation leads to effective environmental management, by using reliable monitoring data that can represent conditions from the natural environment. Quality data is obtained by, starting at the time of sample collection. It passes through a proper chain of custody until it can be lab certified and analyzed which offers credibility for the results obtained and allows for proper decision making.

4

Building a Future: This proposes structuring actions aimed at building, what the future closure of the operation will be like, fully compatible with the environment and consolidation processes for natural ecosystems in the area starting now and on a daily basis.



Innovation is handled through the implementation of the management plan, the monitoring plan and the results of the environmental impact assessments. These plans provide insight into the behavior of the natural resources and opportunities for improvement in each of the environmental management actions. Although primary responsibility for innovation belongs to the Environmental Department, it has the support of other departments such as Engineering and Operations.

The actions under the air quality improvement plan contribute to building

a safe working environment at the operations, as a result of the work of implementing the appropriate management measures. There are also measures that have been implemented to improve air quality with the use of chemical products to decrease particulate matter.

Regarding the future construction strategy associated with the management of overburden deposits, there are examples in the Mine operations where the construction of reservoirs has proven beneficial in facilitating microclimates and the generation of environmental recovery areas and ecosystem formation.

ACTIVITIES EXECUTED AS PART OF THE INNOVATION STRATEGIES

G4-EN27

Activities derived from Drummond Ltd.'s strategies are aimed at mitigating the environmental impact of the products and services.

Strategy	Activity	Results
Impact reduction	Design for the Realignment of the San Antonio creek	Avoided intervention at the head of the Piñal creek. Avoided intervention at the Melánquez reservoir that meets agricultural needs. Hydraulic work that will allow the fish to swim upstream and maintain the natural dynamic of the El Paujil reservoir.
	Design for overburden disposal	At the El Descanso project there was a modification of the overburden deposits, reducing two and creating a new one near the operations. This prevents interventions to wooded areas and contributed to the reduction of atmospheric emissions produced by hauling overburden material.
	Design for overburden disposal at Rincón Hondo Project	Phase I included the consideration of a flood plain as a buffer. This involved changing the mining proposal for two overburden deposits to avoid disturbing the geological formation with significant hydraulic importance.
	Increase backfilling at La Loma and El Descanso mines	Benefits have been generated by minimizing interventions in natural external areas. There has been a drop in atmospheric emissions by reducing the hauling of overburden out of the pit. This has created greater efficiency in hauling time, as well as operating costs.

Strategy	Activity	Results
Impact reduction	Reduction in consumption of natural resources	Strategies have been designed to reduce natural surface water requirements by increasing runoff water storage sites and filtration within the project.
	Electrical connection to the National Transmission System	This project seeks to optimize electricity use in the mining projects through the establishment of a connection from Drummond’s internal network and the power plant to the National Transmission System. Energy recovery, which must currently be used to control peaks, is utilized to lower fossil fuel consumption in the power plant which, lowers emissions into the environment.
	Canal construction	The construction took place at the El Descanso project to use pit water in emissions control. It was implemented to have access to the water resources and use them in emissions control. Currently, all of the water for emissions control in the operation pit come from stored runoff and seepage water.
	Implementation of the high wall mining method	This has contributed to greater coal recovery without moving overburden. This technology, which is currently used exclusively by Drummond in Colombia, makes it possible to recover additional coal on the final walls of the operating pits without the need to move overburden.
Implementation of appropriate management measures	Air quality improvement plan	Changes have been made to tread material on some external high-traffic roads, reduce the percentage of fine [particles] and mitigate the possible generation of emissions. The implementation of the fog system (Dust Boosters) at the sites where overburden is loaded onto trucks has helped control emissions.
	Handling of suspended solids in discharges	With the use of chemicals in the sedimentation pools, there has been a reduction in suspended solids, which represents higher quality in the water being discharged and, at the same time, lower payments for discharge fees.
Reliable and relevant monitoring	Installation and accreditation of an environmental laboratory	The environmental laboratory that was developed at the La Loma project for the air and water matrix, is accredited by the IDEAM for sampling and analyzing TSP and PM10 variables in air quality, and for sampling and analyzing 32 water quality parameters.
	Monitoring systems	State of the art equipment has been installed to optimize precision and frequency in measuring the parameters for air quality, groundwater and surface water.
Building the future	Sustainable overburden deposits	A geomorphology proposal is being developed for overburden deposits, including: bodies of water, interconnected channels for managing water in the upper portion and variable landforms, with the goal of achieving increased formation of ecosystems and environments that are conducive to wildlife and better opportunities for integration with ecosystems in the region.
	Forestry compensation	This is based on a pilot exercise performed 4 years ago. It includes a sustainable proposal for protecting watersheds and preserving the sources of channels associated with the social development of the residents of the upper watersheds, who are the ones that use and exploit these resources. It has been approved by Corpocezar and will be submitted to the ANLA. The result is a compensation exercise that will be much more effective in the long term.



Strategy	Activity	Results
Product improvements	Coal blend	100% of all coal sold is blended to improve its quality. While the properties of the coal from the department of Cesar are known for having low sulfur content and a high calorific values, individually there are types of coal in the deposit that have good calorific values but that have high sulfur contents, or vice versa; blending these makes it possible to improve their quality to obtain greater energy and environmental benefits.

WHERE DRUMMOND LTD. IS HEADED

For 2016 Drummond has the following Goals:



Implement Innovation project



Evaluate Innovation project



Purpose Innovation project

HEADERS

Drummond Ltd. has an air quality management strategy that involves innovative elements, all of which are aimed at improving operating conditions and the quality of life in the neighboring communities.

The Forestry Compensation strategy proposed by Drummond Ltd. for future projects, is aimed at an effective recovery of the environmental base by improving the socio-economic conditions of the populations that it benefits.

At Drummond, preventing impact is the best strategy and starts with its mining and engineering designs as its primary environmental management activity.



SUPPLIER MANAGEMENT

G4-DMA

The extraction and transportation of coal requires a broad range of products and services that ensure the efficient and uninterrupted performance of all of the processes involved in the value chain. Therefore, Drummond Ltd. develops supplier management practices that ensure that the highest quality supplies are provided by

companies that adhere to best industry practices and that comply with the company's guidelines.

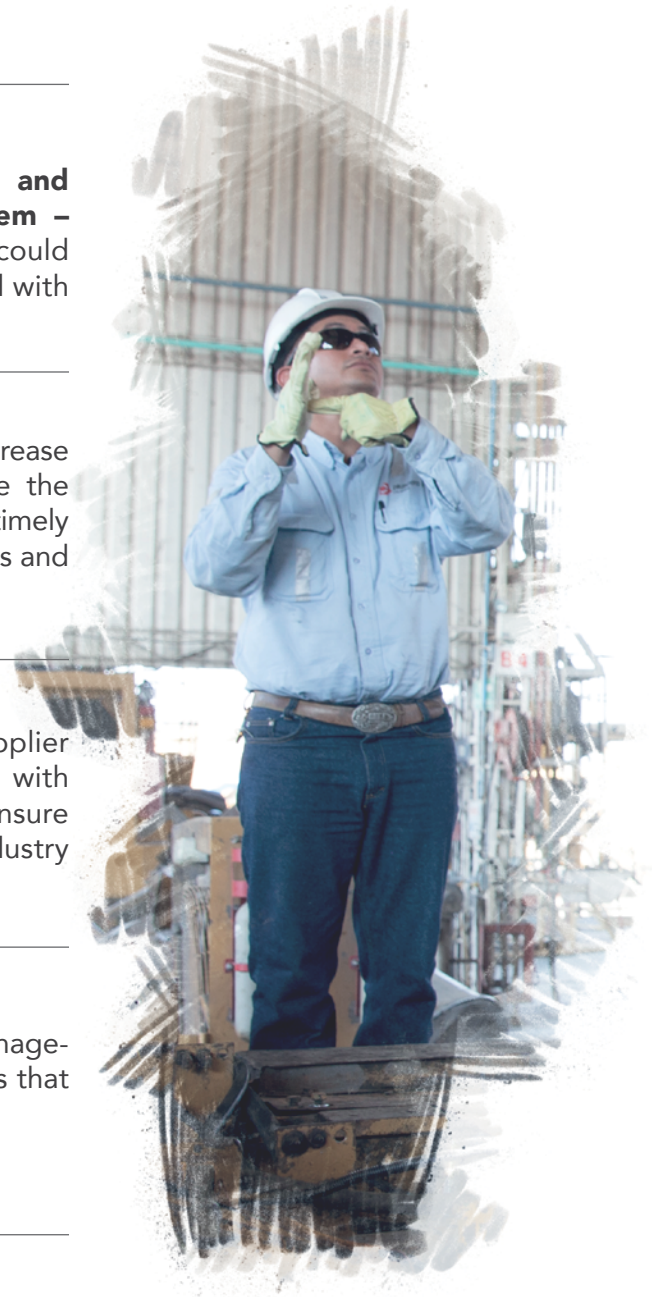
Additionally, supplier management mitigates risks that, if they were to materialize, would create significant impacts that would compromise operational integrity, specifically:

Risks associated with the Anti-Money Laundering and Counter Terrorism Financing Risk Management System – SARLAFT, in Spanish: improper supplier management could increase the risk of contracting with companies associated with criminal or illegal activities.

Financial risks: improper supplier management could increase the risk of contracting with companies that do not have the solvency to ensure proper execution of the services or the timely payment of wages, benefits, financial obligations, guarantees and other aspects.

Operational and technical risks: improper supplier management could increase the risk of contracting with companies that do not have the experience needed to ensure that they are providing services under the highest industry standards.

Safety and environmental risks: improper supplier management could increase the risk of contracting with companies that have inadequate safety and environmental practices.





Drummond Ltd. implements rigorous practices and procedures ranging from its consideration of potential suppliers to its monitoring and evaluation of those with which the company has strong contractual relationships. This ensures proper operation and mitigates the risks associated with these critical matters. This monitors compliance with the agreements that have been made, within the framework of domestic law and the industrial and sustainability initiatives that have been agreed to.

Tools for selecting potential suppliers: Among the different aspects evaluated, management tools make it possible to include the most competitive companies in the market in the company's supplier base and verify the following aspects:

1 Experience in the Service: Technical capacity, human resources, machinery and equipment, years of experience in the field.

2 Financial Stability: Current COFACE3 rating, in order to verify compliance and the proper status of their financial statements.

3 National and International Certifications: Depending on the nature of the product or service and the industry to which they belong.

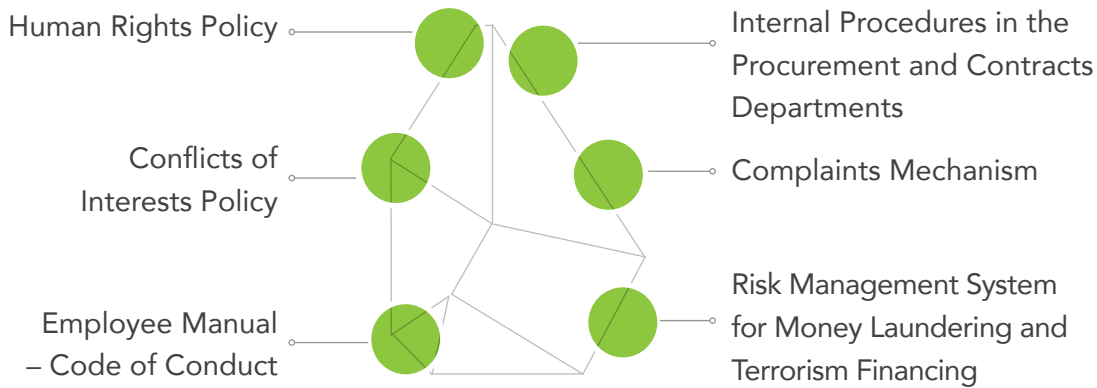
4 Checking High-Risk Lists: Clinton list and verification with the Office of Foreign Assets Control in the United States (OFAC).

5 Performance in terms of workplace health and safety and the environment: In accordance with the requirements from the National Register of Contractors (RUC, in Spanish) issued by the Colombian Safety Council (CCS, in Spanish), which evaluates environmental, social and labor issues.

Tools for monitoring suppliers with whom a business relationship is maintained:

The controls associated with supplier management ensure that high-quality services are provided; evaluating aspects such as the value of the service, the quality of the service, financial soundness, hiring practices, work environment, staff training, corporate social responsibility, occupational

health and safety and the environment. Therefore, Drummond Ltd. ensures that each supplier has practices that are aligned with its corporate values. To do so, the company has developed the following internal tools that govern corporate guidelines for all employees involved in supplier management:



Drummond Ltd. also offers training for suppliers on legal, occupational health and safety and environmental management topics. Specifically, as of August 15, 2014, the company has asked all of its suppliers to create and disseminate policies on human rights, conflicts of interests and complaints

mechanisms. Today, there is 98.53% coverage for contractors with significant impact.

Additionally, within its operations, Drummond Ltd. has the following tools designed to manage the processes covered by its supply chain:

a.

Irrevocable procurement and services declaration

b.

Terms and conditions appendix to commercial offers

c.

Comprehensive manual for contractor control and monitoring

d.

Occupational health and safety and environmental orientation

e.

Monthly occupational health and safety report

f.

Communications, letters and follow-up meetings

DRUMMOND LTD.'S SUPPLY CHAIN

G4-12

Drummond Ltd. implements rigorous practices and procedures that ensure that the companies included in its supplier base meet the highest industry standards, and that they have the ability

to submit bids or quotes according to the operation's requirements.

The process of providing goods or services includes the following steps:



1 **Formalization through purchase orders:** they are sent by Drummond Ltd. to its suppliers. In cases where the supply process is more complex, contracts or commercial offers between the parties are signed.

2 **Delivery of materials:** once the supplier accepts the Purchase Order as a sign of acknowledgement, it proceeds to deliver the materials, which are received at the warehouse by Drummond Ltd.

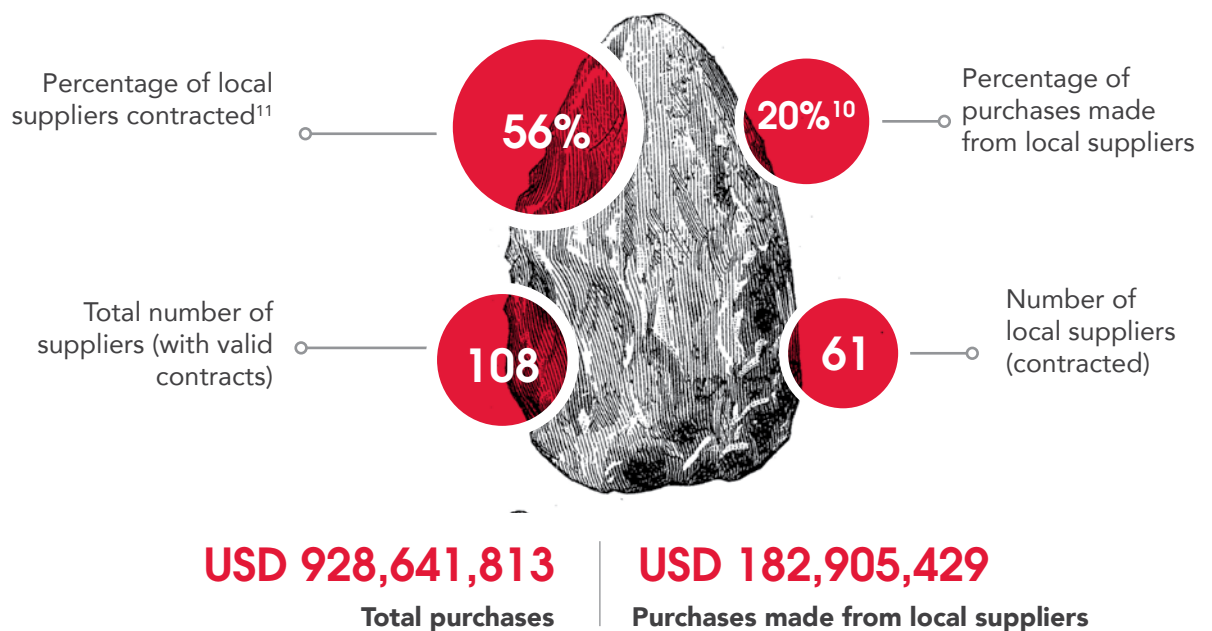
3 **Formalization of payment:** this takes place once Drummond Ltd. signs the satisfactory receipt of the materials delivered by the supplier.

In 2015, Drummond Ltd. had business relationships with 1,063 suppliers with billing volumes of USD \$928,641,813. Of these, 975 (91.72%) were domestic and had billings of USD \$689,480,353 (74.24%). Of all of the domestic suppliers, 465 (47.69%) are local. Billing by local suppliers accounted for USD \$182,905,429.

Drummond Ltd. defines local suppliers as those whose main offices are located on the Atlantic Coast, specifically in the departments of Cesar and Magdalena, which cover the areas of influence of the company's mining and port operations. The municipalities in the areas of influence are: La Jagua de Ibirico, El Paso, Chiriguaná, Becerril, Bosconia, Codazzi (Cesar), Fundación, Zona Bananera and Ciénaga (Magdalena).

PERCENTAGE OF EXPENDITURES IN PLACES WITH SIGNIFICANT OPERATIONS CORRESPONDING TO LOCAL SUPPLIERS

G4-EC9



10. Corresponds to the purchases made to the total of 465 local suppliers with whom commercial relations were established in 2015.

11. Corresponds to the percentage of local suppliers who have long-term business relationships with Drummond Ltd. and whose services are recurring.

In the rigorous contracting processes that the company undertakes, priority is given to local bidders who meet established requirements. As a result of these efforts, in 2015 purchases were made that exceeded the goals set for the year in terms of the number of local suppliers and the billings that they generated. Additionally, 90% of contractors' employees came from the Atlantic Coast. This is aligned with the short, medium and long-term goals set by Drummond Ltd. and show the company's commitment to regional development.

GOALS ASSOCIATED WITH CONTRACTING WITH LOCAL SUPPLIERS

Category	Goal for 2016	Medium- and Long-Term Goals
Number of local suppliers vs. total suppliers	40%	Medium 45% Long 50%
Billing by local suppliers vs. total suppliers	15%	Medium 18% Long 20%
Hiring local labor	88%	Medium 90% Long 92%

The highest billing volume corresponds to purchases of commodities such as diesel, lubricants, natural gas and electricity, in addition to other more complex supplies such as tires and blasting material. Purchases of these items represent 28% of annual billings.

SUPPLIER MONITORING AND EVALUATION

To ensure continuity in the adoption of corporate guidelines, and to have information that serves as a benchmark for contracting for future supplies, Drummond Ltd. has designed the following tools for monitoring the contractors involved in supplier management:

1 Badges and References: Contractors must have a badge to enter Drummond Ltd.'s facilities, which is issued after a review of the employees' references, in which their employees' legal status is disclosed.

2 Audits of Payment of Health Insurance Obligations



• • • • • • •

3

Periodic Inspections of Facilities, Offices and Work Areas

4

Inspections of Contractors responsible for Handling and Disposing of Hazardous Materials.

5

Contractors' Rating on Occupational Health and Safety and Performance during Provision of the Services:

Users and the Industrial Safety Department evaluate contractors' performance annually and/or three months before the end of each contract.

6

Contractor Audits:

Drummond Ltd. performs periodic audits of its suppliers and contractors, in which the following aspects are evaluated, among others:

a.

Labor: staff competencies, recruitment guidelines, payment of wages, fiscal and quasi-fiscal contributions, social security payments, work shifts and rotation, provision of uniforms and PPE, assessment of facilities, equipment and tools, facilities maintenance program.

b.

Occupational Health and Safety: Overview of Risk Factors, Emergency Response Program, Accident Indicators, Performance Indicators.

c.

Environment: Environmental Risk Identification matrix and validity of environmental plans, licenses, certifications and permits.

d.

Human Rights

e.

Conflicts of Interests: monitors possible conflicts of interests arising from activities or decisions by people working at the company.

f.

Complaints Mechanism

7

Annual evaluation of contractor performance

These tools make it possible to evaluate company suppliers on environmental, social, labor practices and human rights

criteria. Below is the number of companies that were evaluated on these criteria in light of their provision of supply services:

SUPPLIER EVALUATION BASED ON ENVIRONMENTAL, SOCIAL, LABOR & HUMAN RIGHTS CRITERIA

G4-LA15 G4-HR11
G4-SO10 G4-EN33

- Number of suppliers that have been evaluated
- Number of suppliers for which opportunities for improvement have been identified after evaluation



These evaluations are the result of the audits conducted on contractors. In terms of social impacts, human rights and labor practices, no nonconformities have been found that could have significant real or potential negative impacts on the supply chain. However, opportunities for improvement have been found that have been managed and that cover the following aspects:

- Deepening the scope of the dissemination chats on human rights policies, so that they can be incorporated into the organizational culture

- Increasing the percentage of supplies and services acquired from suppliers from the areas of influence of the mining operations, through the production chain initiative

In terms of the environmental criteria, the following risks were identified at all of the companies evaluated: improper waste management, chemical spills, breaches of environmental standards, oil spills, soil affectation, dumping of wastewater at mining operations, and soil affectation by chemical products at the port operations. In 100% of the cases where these risks were identified, improvements were agreed to after the assessment.

WHERE DRUMMOND LTD. IS HEADED

- To increase the operational controls that make it possible to verify the origin of the investments made of shareholder capital by new suppliers and those registered with Drummond Ltd
- To implement tighter controls on supplier management that make it possible to verify their current practices related to human resources
- To implement tighter controls on supplier management that make it possible to verify their current practices related to conflicts of interests
- To implement tighter controls on supplier management that make it possible to verify their current practices related to corporate social responsibility
- To implement tighter controls on the technical skills of contractors' and suppliers' employees
- To review companies' certifiable experience and résumés for the years of existence
- To implement evaluations of the suitability of the equipment and machinery used by contractors

C H A P T E R
05
R E S U M E



• M A N A G I N G T H E S O C I A L D I M E N S I O N •







HUMAN RESOURCE MANAGEMENT

G4-DMA

Drummond Ltd.'s most important assets are the employees, its human talent, who work every day with a commitment to meet their goals, with respect for the company's values and principles. The workers are the ones who have a direct influence on the organization's results, the ones who promote and act to achieve the set objectives and strategies.

Drummond Ltd. is convinced of the importance of believing in people, providing opportunities for decent work with fair wages, a safe and healthy work environment and social development. Since its inception, Drummond Ltd., has shown not only concern but also its commitment to generating well-being and higher living standards for its

employees. That is why the policies designed on matters related to wages and extralegal benefits have been characterized by being highly competitive, not only in the region where it carries out its economic activities, but also nationally.

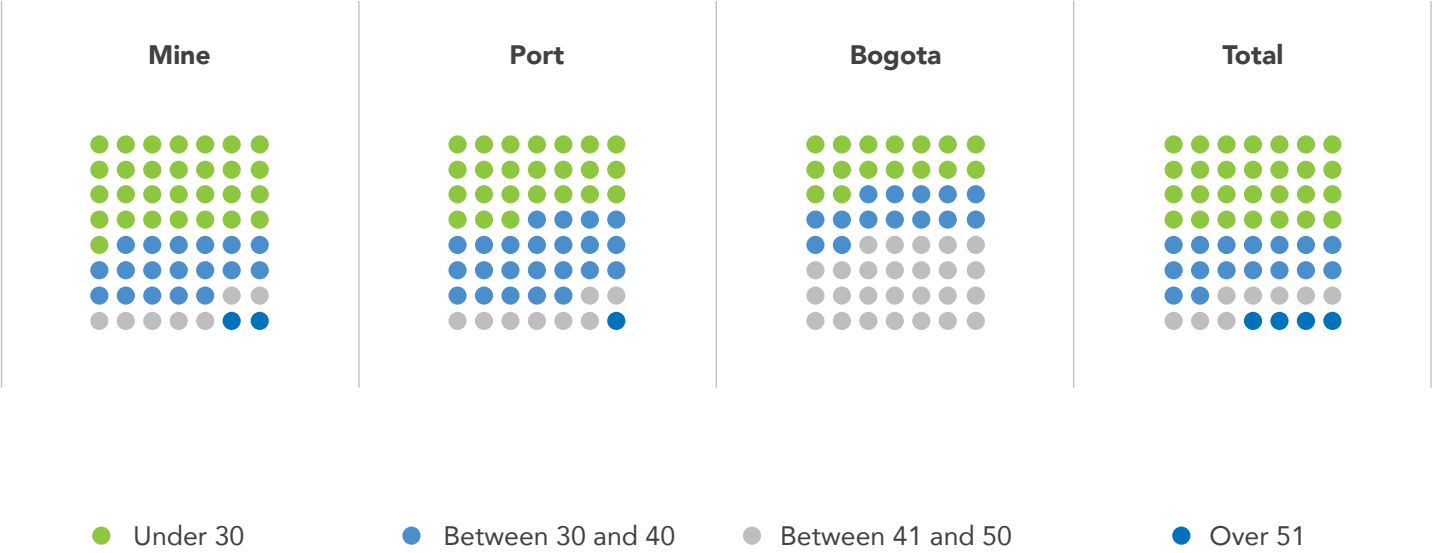
The commitment to its human talent and its environment go beyond the compensation or pay received for each employee's work. Well-being, training programs and benefits to improve living conditions take precedence, especially considering that, along with each employee hired by the company, there is a family and social environment.

The phrase "Our people are building our history" used in the 2011 Sustainability Report refers to how important it is for Drummond Ltd. to have its employees remain with the company and the low turnover that it has. Its employees have experience, knowledge and history with the company. It is important for Drummond Ltd. to retain its talent to preserve the knowledge and experience that has been achieved through the investments it has made in specialized training and education at the company's operations.

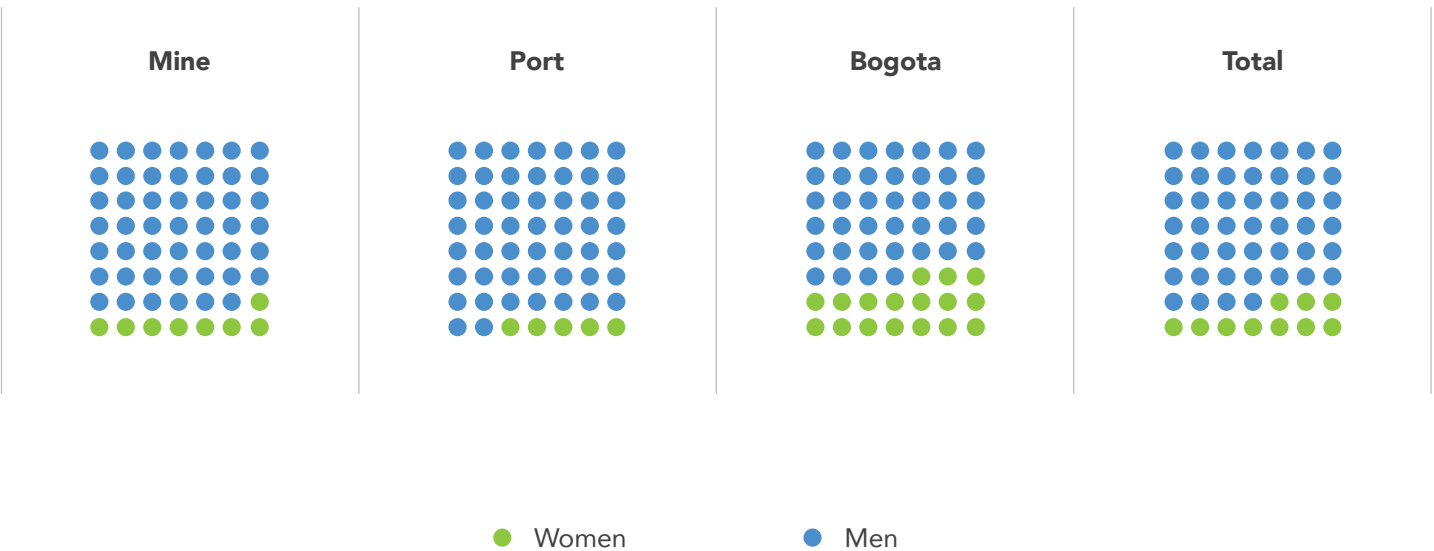


G4-LA1

NEW HIRES BY AGE RANGE



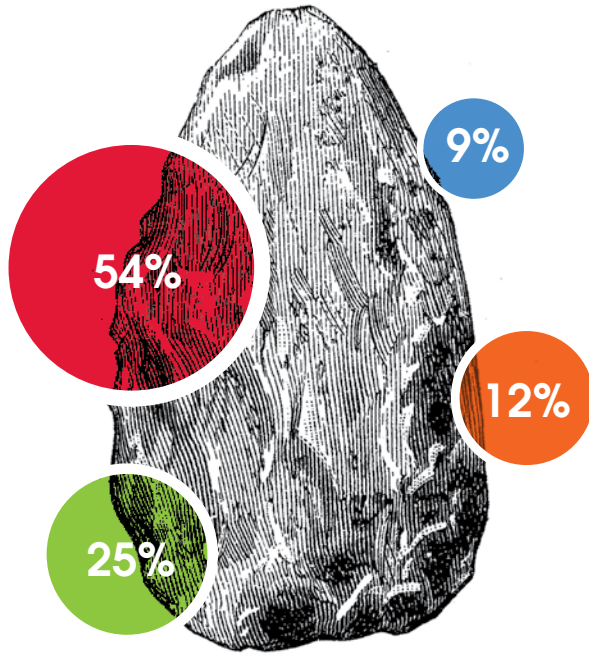
NEW HIRES BY GENDER



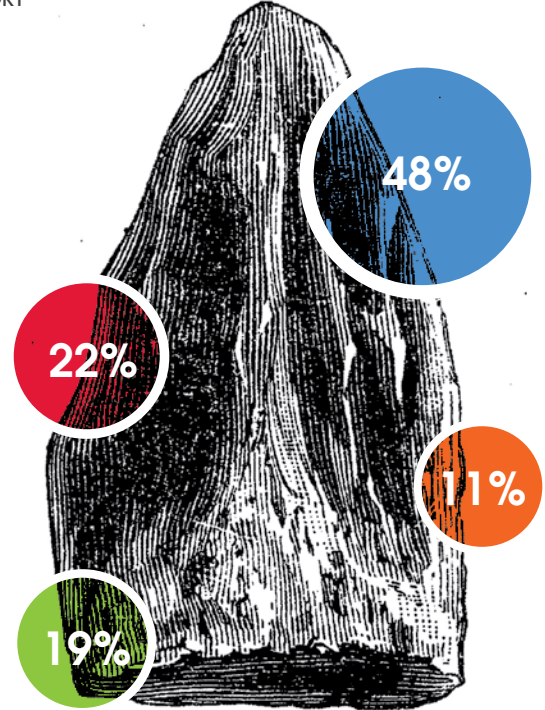


PLACE OF ORIGIN FOR NEW WORKERS

MINE



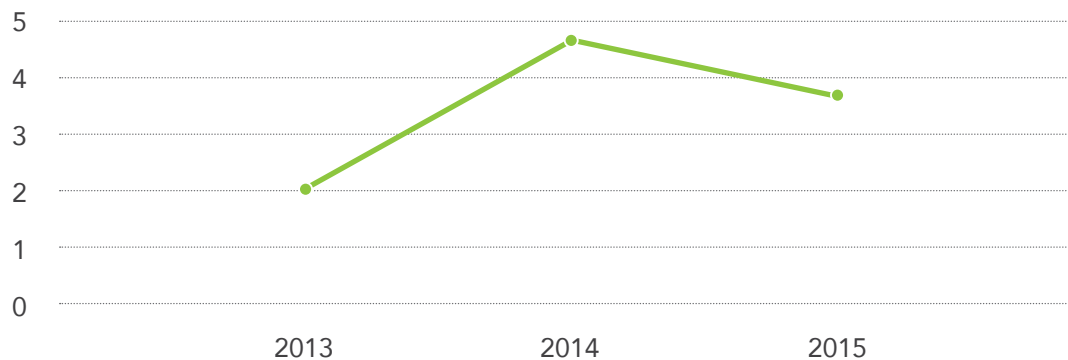
PORT



● Cesar ● Magdalena ● Caribbean Region ● Other Regions

Hiring the largest percentage of its new workers from its area of influence indicates that Drummond Ltd. is committed to being a generator of regional development.

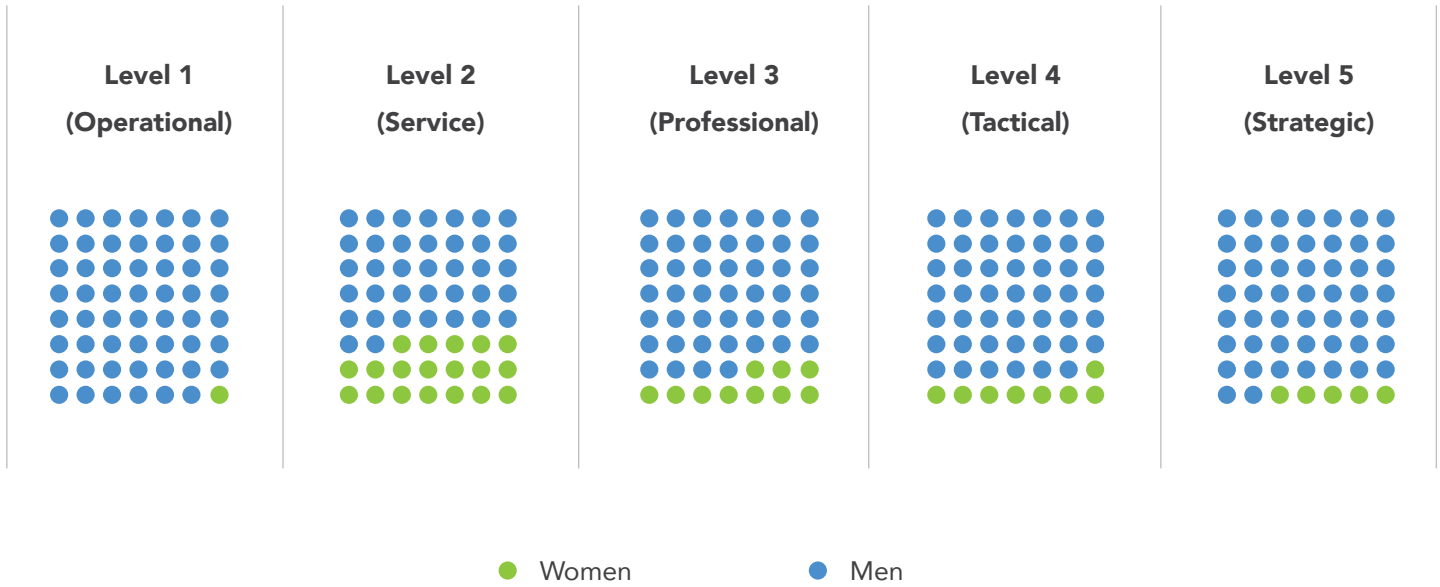
PERSONAL TURNOVER RATE¹²



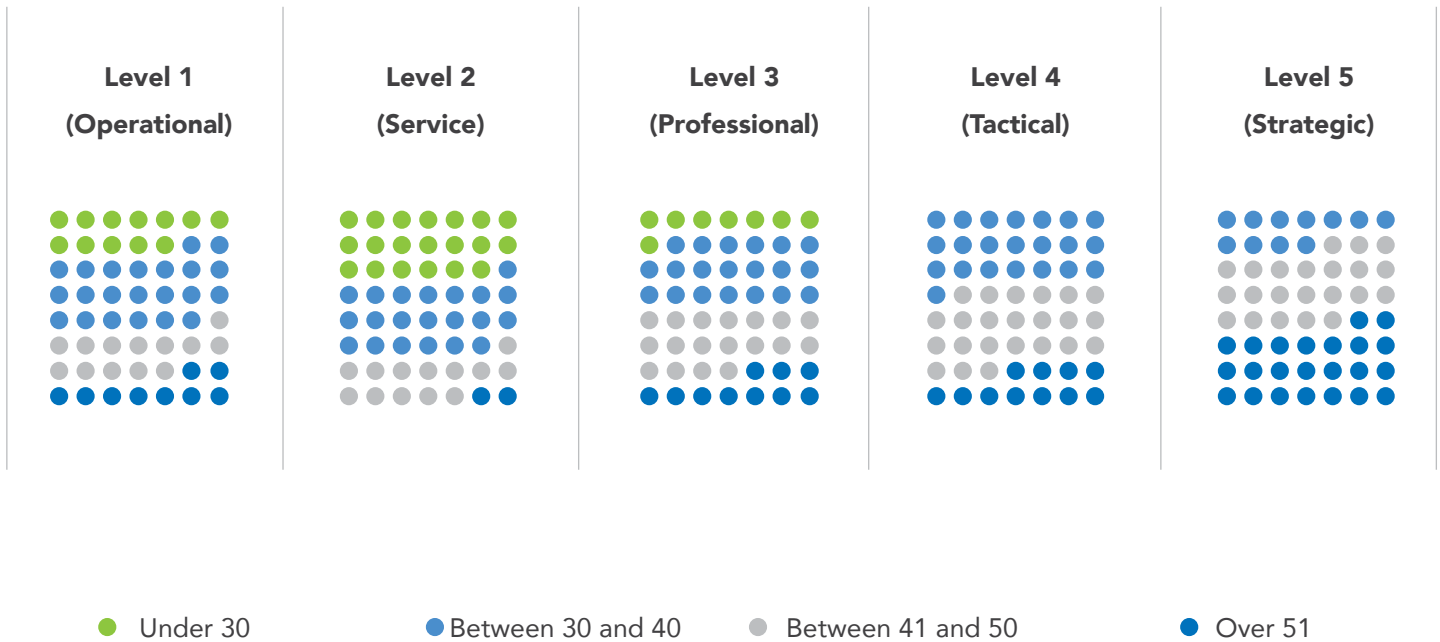
12. Turnover rate is the percentage of employees in a workforce that leave during a certain period of time.

G4-LA12

WORKFORCE BROKEN DOWN BY GENDER



WORKFORCE BROKEN DOWN BY AGE RANGES





G4-LA3

Return to work and retention rates after maternity or paternity leave, broken down by gender	2015	
	Men	Women
Number of employees who were entitled to maternity or paternity leave	388	18
Number of employees who exercised their right to maternity or paternity leave	388	18
Number of employees who returned to work after their maternity or paternity leave ended	368	16
Number of employees who were exercising their right to maternity or paternity leave at the end of 2015	20	2
Number of employees who returned to work after their maternity or paternity leave ended that remained in their positions for twelve months after returning to work	378	14
Employee return to work rate after maternity or paternity leave	95%	89%
Employee retention rate after maternity or paternity leave	97%	93%

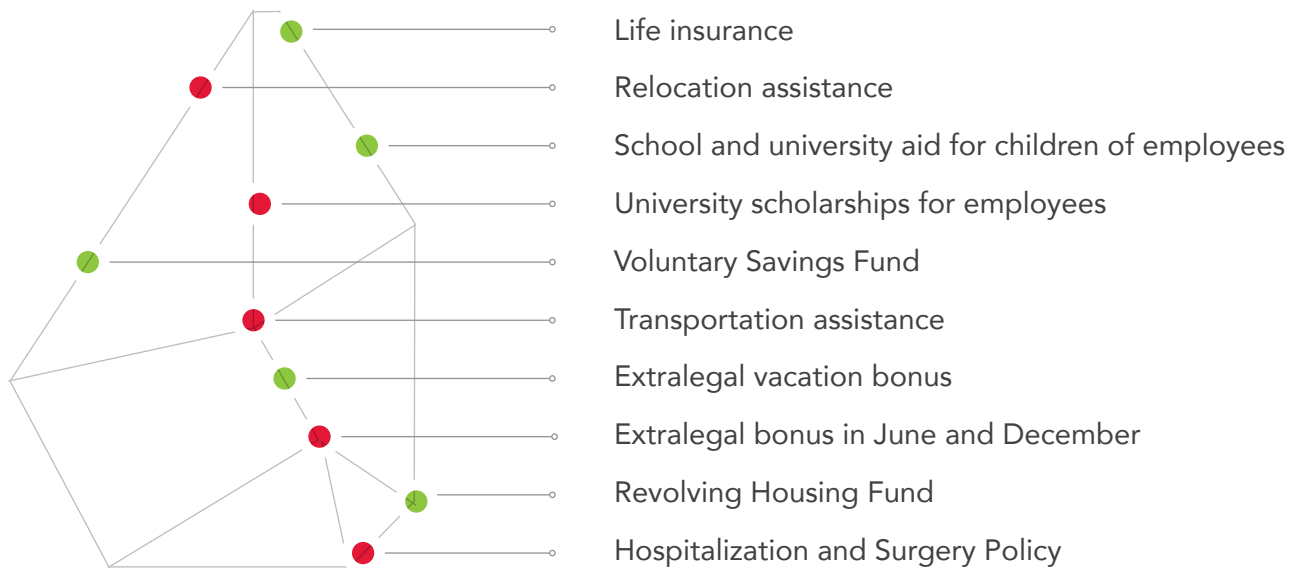
COMPENSATION AND BENEFITS

Drummond Ltd. has a wage policy that is administered under the criteria of internal equity and external competitiveness. Internal equity seeks to establish the “fairest” pay among employees based on roles, responsibilities, abilities, skills, knowledge and experience needed to perform the job within the organization, to thereby avoid any discrimination on the basis of gender, race, ideology, age, religion, beliefs and social classes. At the

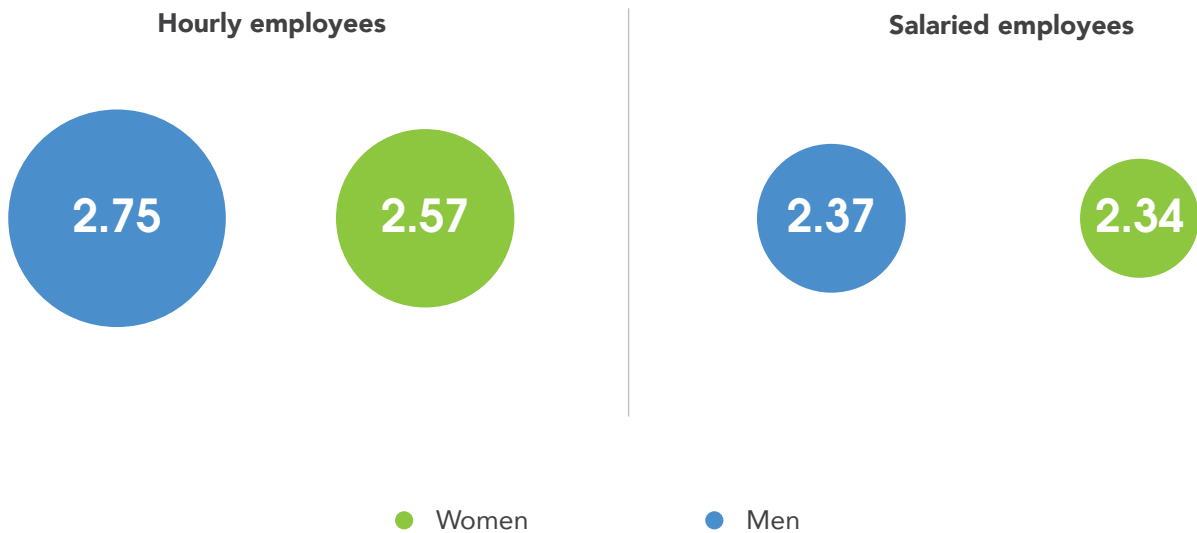
same time, the external competitiveness criteria seeks to measure the organization’s capacity to attract talent through its compensation scheme, as compared to a benchmark market. In the case of Drummond Ltd., this has traditionally been the mining and energy market. The way in which this criterion is measured is through participation in wage studies conducted by firms specializing in this matter.

G4-LA2 G4-EC5

Drummond Ltd. offers its direct employees a variety of benefits beyond their base compensation, in order to improve their quality of life and that of their families. (These benefits do not extend to workers hired through temporary employment agencies.)



RATIO OF STARTING SALARIES AT DRUMMOND LTD. TO THE MINIMUM WAGE IN COLOMBIA



Note: this calculation was made using only base wages, not including legal or extralegal bonuses.



G4-EC6

G4-LA13

RATIO OF BASE WAGES FOR MEN AS TO THOSE WOMEN,
DIFFERENTIATED BY EMPLOYEE CATEGORY AND LOCATION



This graph shows the relationship between the average wages for women as compared to the average wages for men. This means that at the operational level, the average wages for women are 0.87 times the average wages for men.

Percentage of Senior Management hired from the local community in places where significant operations are conducted

Cesar

Magdalena

Strategic level (president, vice presidents, superintendents, managers and assistant superintendents)

18.35%

3.67%

TRAINING AND DEVELOPMENT

G4-LA9 G4-LA10 G4-LA11

As a result of the characteristics of the work, the training provided to employees is focused on technical, operational and workplace health and safety topics. It is also important for Drummond Ltd. to offer training focused on behaviors, aimed at enhancing

leadership skills, building confidence, maintaining effective communication and strengthening relationships.

The main programs that Drummond Ltd. implements that are focused on improving workers' skills are the following programs:

In House Program: it has been in place since 2009, and its main objective is to train personnel from the region in operating mining equipment so that they can fill any vacancies that may arise in the future. This training is tailored to Drummond Ltd.'s mining operations. From 2009 through December 2015, 473 people from the department of Cesar have been trained and 79% of them have been hired directly by the company.

473

People from the department of Cesar have been trained

Scholarship Program: to encourage employees, financial support is provided for a group of employees to pursue undergraduate, graduate or masters degrees. In 2015, 90 employees benefitted from the university scholarships, and the investment was COP \$307 million pesos.

90

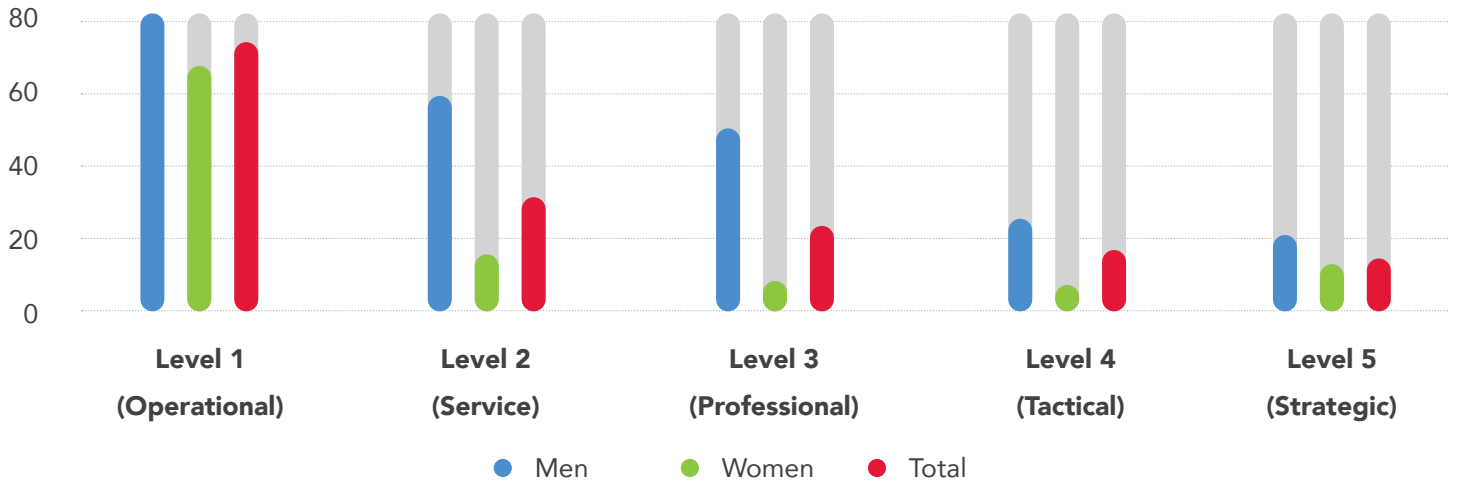
Employees benefitted from the university scholarships

Regular Training: aimed at all employees, with the goal of providing general training on the company's policies.



AVERAGE HOURS OF ANNUAL TRAINING PER EMPLOYEE BY GENDER AND JOB CATEGORIES

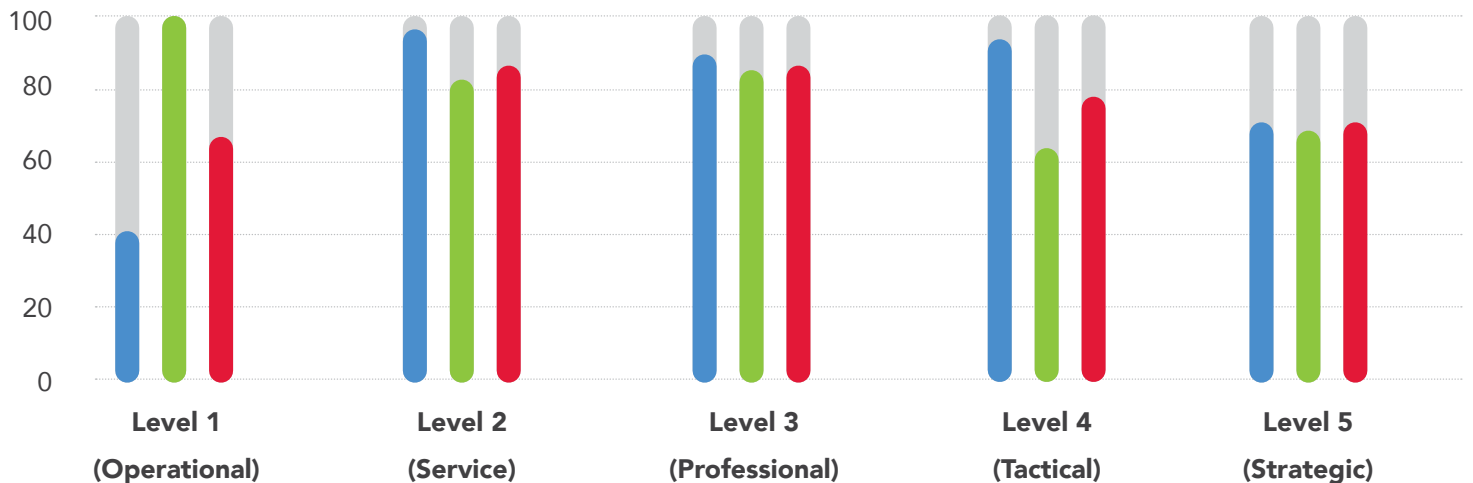
G4-LA9



Skills Assessments: the *coaching* process started with an assessment of skills and their respective behaviors, in which each leader completed a self-assessment, while also being evaluated by their direct superior, peers and colleagues. Then they received feedback on the results and raised awareness according to their behaviors. After the feedback process, the leaders (219 Colombians and 23 expatriates) held individual and group coaching sessions, through which changes in habitual behaviors and conduct were established.

Performance Evaluations: for administrative staff and supervisory roles, performance is evaluated each year using the 90° methodology. For operational staff, they receive periodic feedback.

PERCENTAGE OF EMPLOYEES WHOSE PERFORMANCE AND DEVELOPMENT IS EVALUATED REGULARLY



The company has also defined, through other policies and manuals, the principles and procedures that govern its actions:

Recruiting Policy: seeks to attract and select people with high ethical and professional standards, giving priority to local personnel.

Human Resources Policy: includes our statement of recognition and respect for the labor rights established in Colombian law and our commitment to our employees' comprehensive development.

Employee Manual: in 2015 employees were given this manual that includes all policies, programs, policies and benefits related to labor aspects.

LABOR WELL-BEING

Person-Centered Safety: This program began in 2011 as a means to strengthen organizational culture, where safety is an essential value. The program's approach is based on achieving the results set out for each individual and as a team, according to the actions that are carried out. This is related to how each person observes themselves and

the world. When people focus on working on the latter, changes can be made to their type of observation. One of the dynamics that has been implemented in the program is the group and individual coaching process for leaders, where the skills of the people participating in the process are reviewed, developed and optimized.



The coaching process focused on strengthening three of the skills established as an organization:

- Effective Communication
- Confidence-boosting Leaders
- Focus on health safety and the environment

Let's Talk: These are opportunities for human resources and employees to come together that allow them to improve their relationship and build trust. In 2015, it took place as part of a workshop where employees came together and shared their opinions to build the kind of company

that everyone wants. By building a tree that symbolized how they want to see the company and how they see themselves in it, employees expressed their views on the significance of each part of it, which symbolizes each of the company's parts. The activity ended with the planting of a tree.



2,188
—
People from the mining operations

524
—
At the port



Comunication: Drummond Ltd. has designed a variety of spaces and tools to listen to employees and their suggestions, recommendations and requests. Similarly,

it is constantly striving to have information flow inside and outside of the company and to publicize the most important events taking place.

HEALTH AND SAFETY IN THE WORKPLACE

G4-DMA

For Drummond Ltd. it is critical to manage health and safety in the workplace because the company is convinced that, more important than extracting, transporting or selling of coal, is ensuring that all employees and contractors carry out their activities without injuries or illnesses. What the company aims to achieve as a result is a greater benefit from each of their individual efforts: returning home

safe and sound to enjoy quality time with their families after a day of work, without affecting workers' physical or moral integrity or the normal development of the operations.

For this reason, at Drummond Ltd. industrial health and safety are part of the lifestyle that guides all business activities, to protect those who surround the operations, the environment, the resources and, above all, the workers. In order to do this, the company has established different control mechanisms that make it possible to carry out its activities safely, to protect the environment and to work to preserve the health and lives of all of the people involved in its coal exploration, extraction, transportation and sale operations.

Building a culture of safety through the years has been and will continue to be the company's greatest investment; aware of this, all efforts incorporate tools that make it possible to work on self-care and influence behavior toward the development of safe practices.



HEALTH AND SAFETY MANAGEMENT SYSTEM

In a process of continuous improvement, the company focuses its work on industrial health and safety on the proper identification, evaluation and effective implementation of the controls established to mitigate or eliminate risks. The certified Health and Safety Management System contains the programs needed to achieve the expected results.

At Drummond Ltd., workplace health and safety are managed through this certified management system, which is implemented under the international OHSAS 18001:2007 standard. It is through the elements contained in the management system that the company ensures compliance with its corporate policy through a cycle of planning, implementation, verification and continuous improvement.

Proper **planning** is based on the proper identification of hazards, assessment of risks and application of controls, which makes it possible to establish objectives of goals.

To meet these objectives or goals, the company begins **implementation** of the processes, programs and all actions and/or activities required to achieve the expected results. At this point, responsibilities, levels of authority and the methodology for rendering accounts at each of the organization's hierarchical levels are established, as well as the allocation of resources, instruments and tools to achieve them. An organized system provides necessary and adequate support for sustaining the processes and programs being implemented; for example, records management for the management system, the handling of nonconformities identified, and others.

The programs are geared toward risk intervention, emergency plans and training, with the latter being the one that makes it possible to reach employees through a variety of tools and strengthen the culture of self-care. A key pillar is regular training, tools that make it possible to provide training on safety, health, environmental and behavior issues, among others. Recently, the Person-Focused Safety program, through coaching and based on a competency model, has made it possible to close learning gaps among workers at all levels and help team leaders with the comprehensive management of their processes, especially in health and safety aspects.

After implementation, monitoring, **verification** and measurement are performed on the results obtained to make way for the corrective actions that will make it possible to continue to obtain results and establish new goals that ensure **continuous improvement** as part of the recurring optimization process for the management system.

As a monitoring and control mechanism for assessing the effectiveness of the management system that has been implemented, the company has processes that periodically check the actions proposed as compared to those that were executed, and the effectiveness of their outcome. These processes include meetings led by senior management and include inspections and internal and external audits of all of Drummond Ltd.'s tasks.



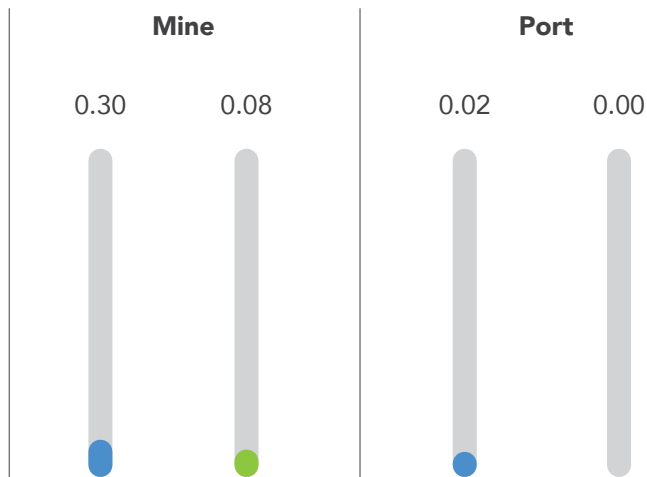
HEALTH AND SAFETY INDICATORS

G4-LA6

DIRECT EMPLOYEES

ABSENTEEISM RATE DUE TO WORKPLACE ACCIDENTS*

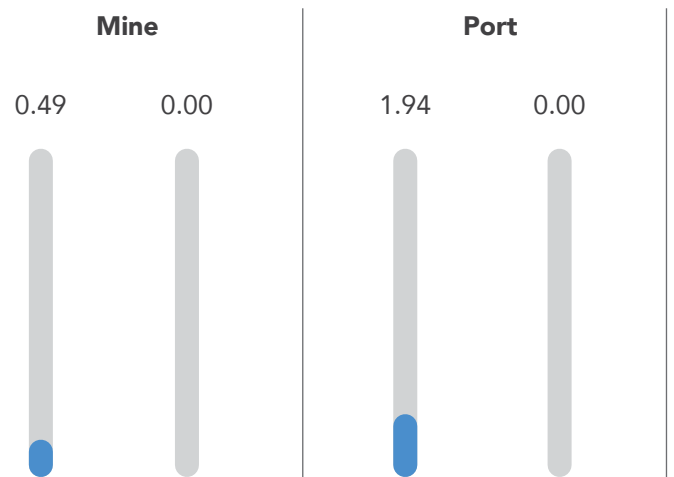
OPERATION 2015



* Calculated by comparing the total number of lost days due to workplace accidents to the total number of hours planned for work for all employees during the period covered by the report

RATES OF OCCUPATIONAL ILLNESSES*

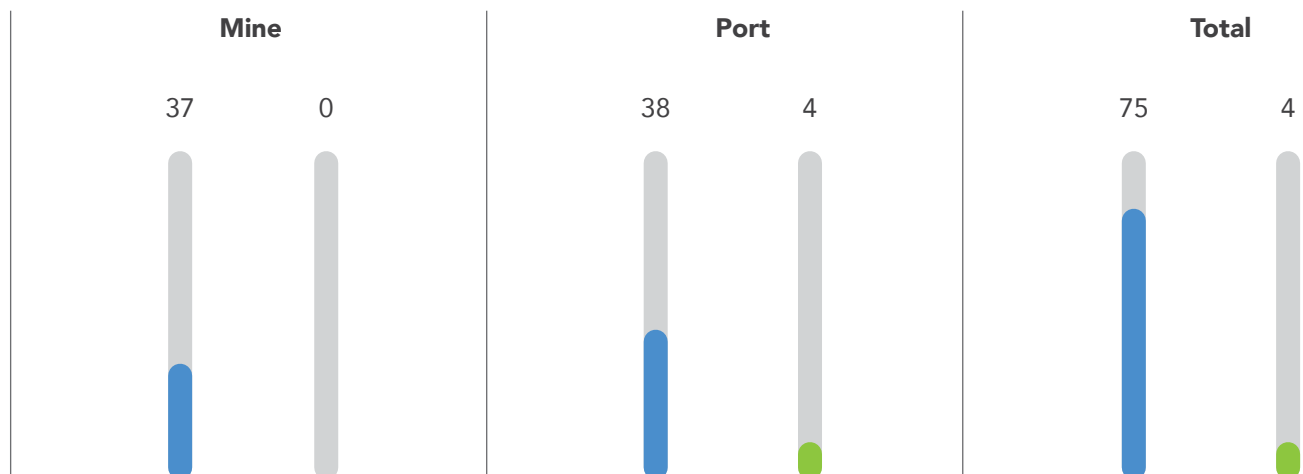
OPERATION 2015



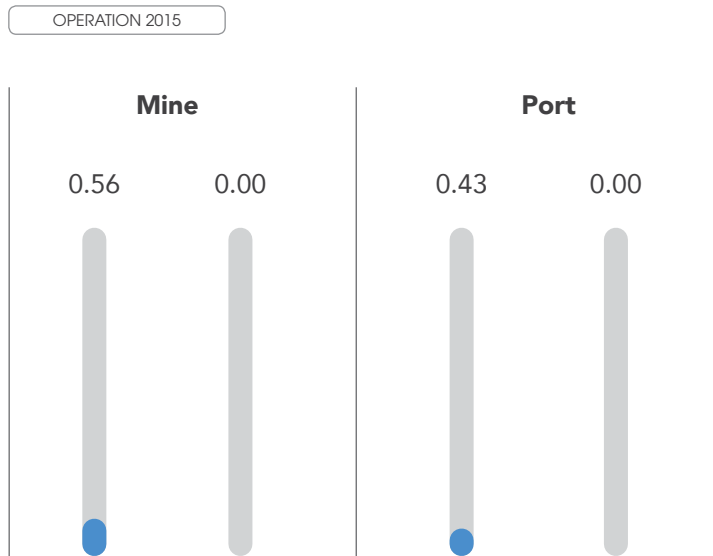
* Calculated by comparing the total number of workers with occupational illnesses to the total number of hours planned for work for all employees during the period covered by the report

NUMBER OF WORKPLACE ACCIDENTS

OPERATION 2015

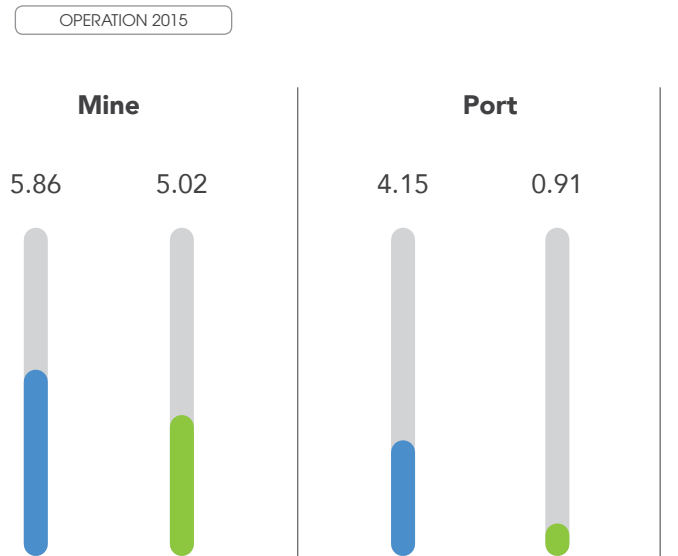


ABSENTEEISM RATE DUE TO OCCUPATIONAL ILLNESS*



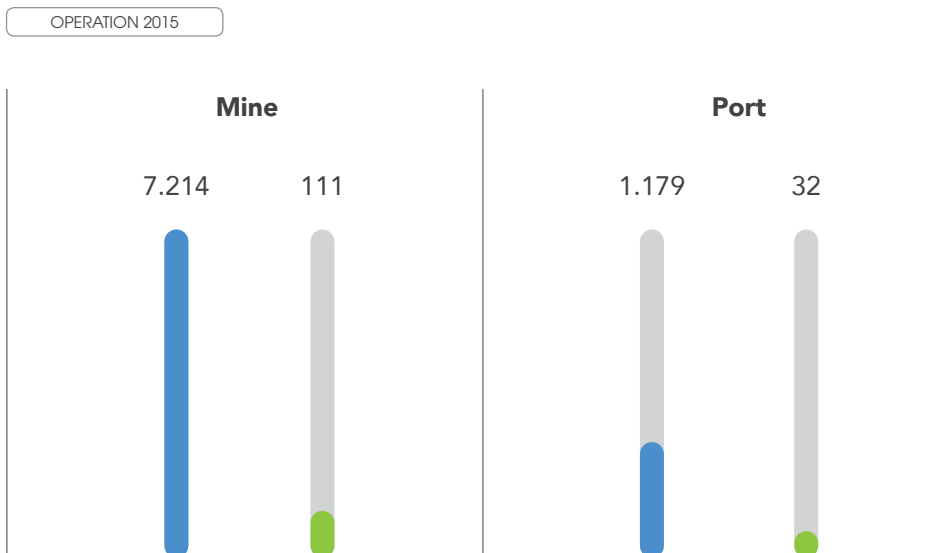
* Calculated by comparing the total number of lost days due to occupational illnesses to the total number of hours planned for work for all employees during the period covered by the report

ABSENTEEISM RATE DUE TO COMMON ILLNESSES*



* Calculated by comparing the total number of lost days due to common, non-work related illnesses, to the total number of hours planned for work for all employees during the period covered by the report

NUMBER OF DAYS MISSED DUE TO COMMON ILLNESSES

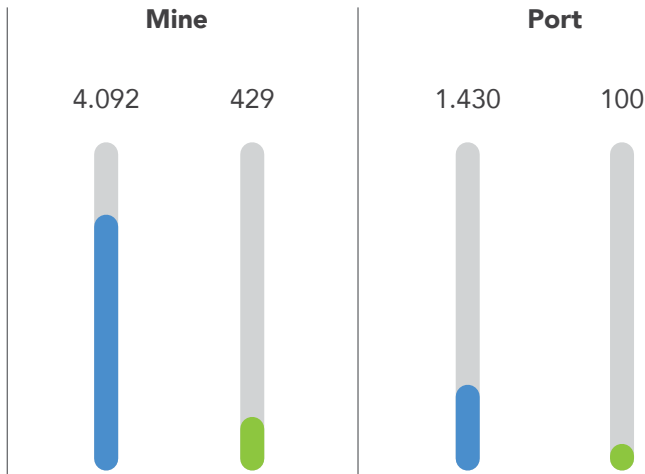




CONTRACTORS

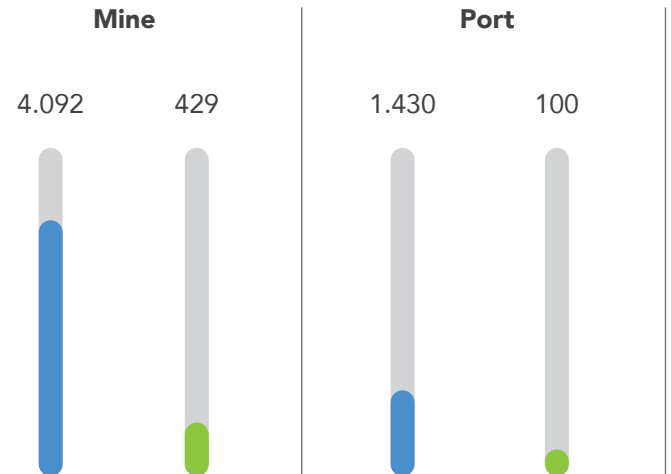
NUMBER OF CONTRACTORS USED FOR THE MEASUREMENT

OPERATION 2015



NUMBER OF CONTRACTOR EMPLOYEES

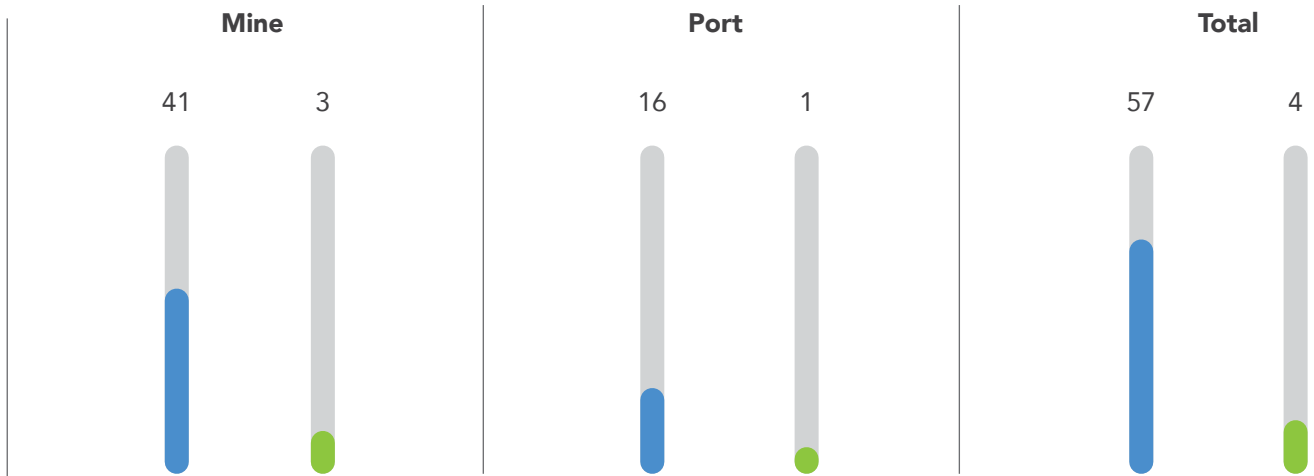
OPERATION 2015



NUMBER OF WORKPLACE ACCIDENTS

● Men ● Women

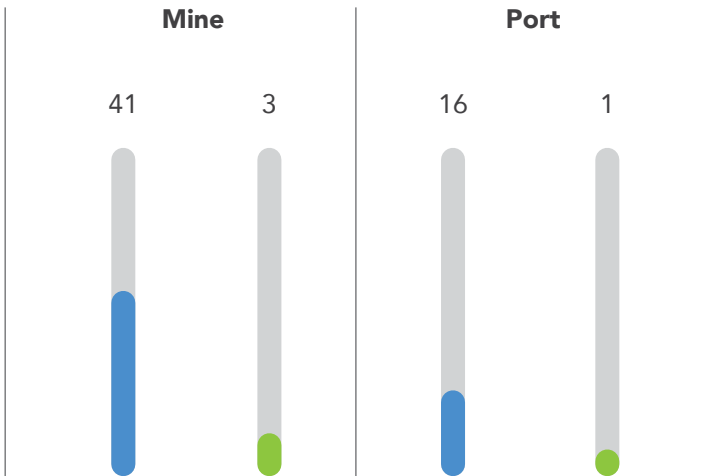
OPERATION 2015



● Men ● Women

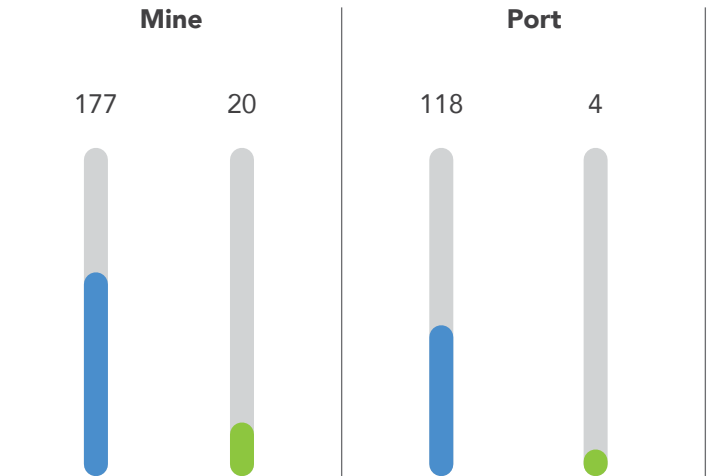
WORKPLACE ACCIDENT RATE

OPERATION 2015



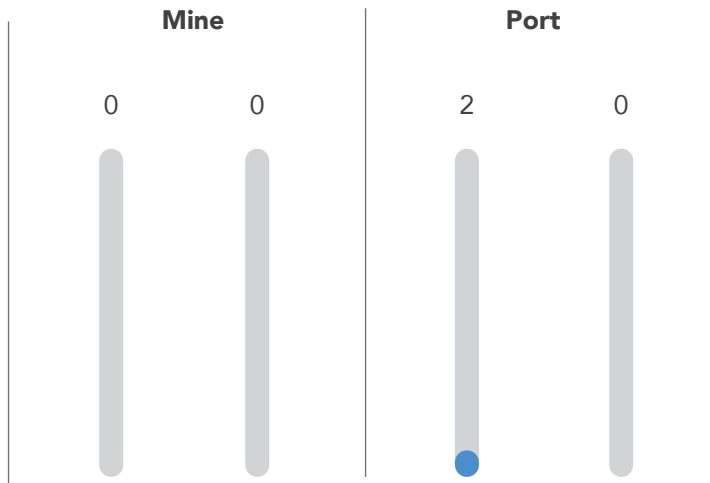
ABSENTEEISM RATE DUE TO WORKPLACE ACCIDENTS

OPERATION 2015

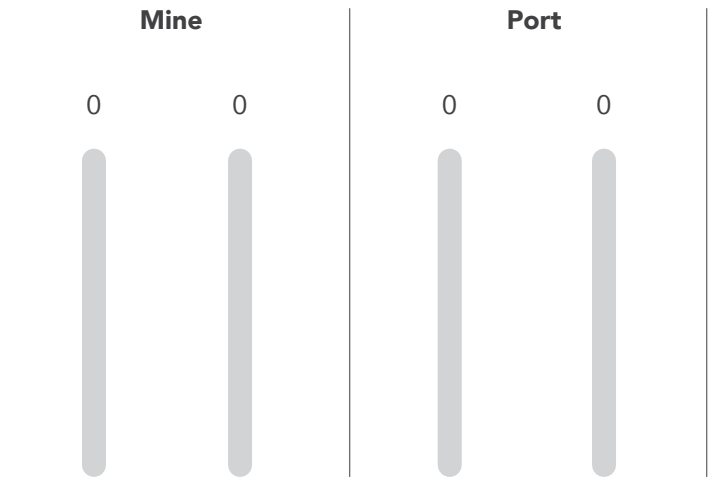


FATALITIES

OPERATION 2015 EMPLOYEES



OPERATION 2015 CONTRACTORS

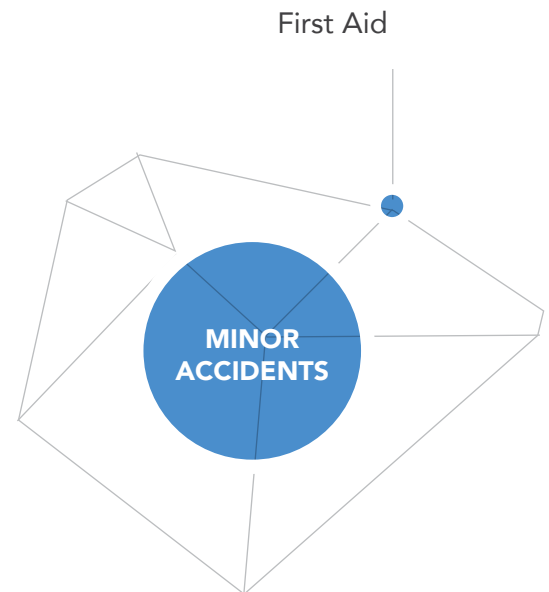
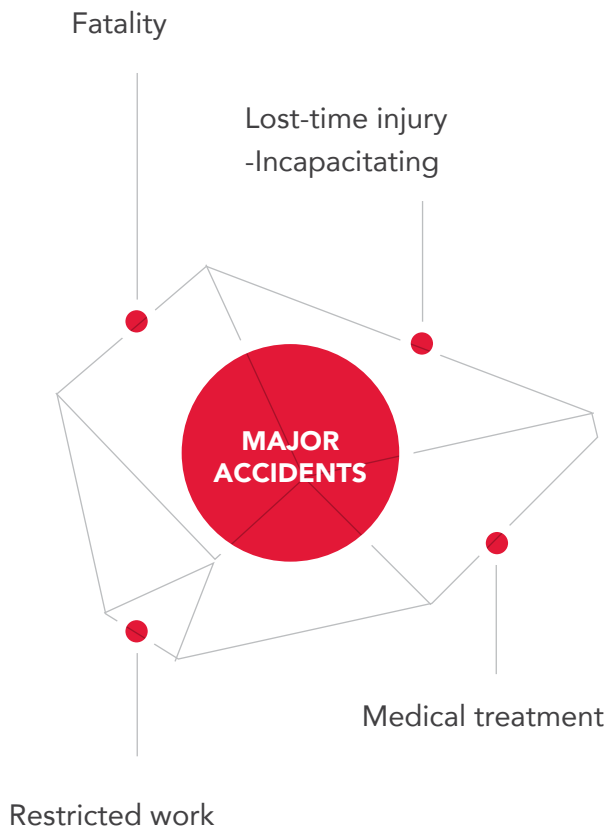




In spite of all of the preventive measures and industrial safety protocols that are carried out by the company, in 2015 an accident took place that caused the death of two employees. This situation demands that the company continue to strengthen its efforts to ensure that each worker internalizes the value of life and the commitment to continuously apply all of the operational controls for preventing accidents. Drummond deeply regrets this incident

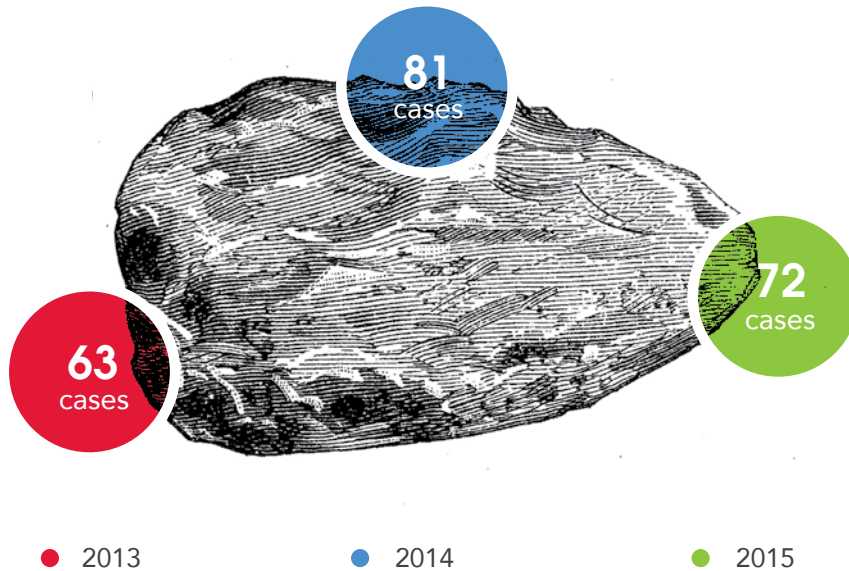
and expresses its deepest condolences. In order to define a standard that allows Drummond Ltd. to compare its reactive steps to other similar companies or economic sectors, the company has adopted the criteria for classifying events established in the OSHA regulations, standard 1904: 1904.0 Recording and Reporting Occupational Injuries and Illness and 1904.4 Recording Criteria, which classify the events as follows:

CLASIFICACION

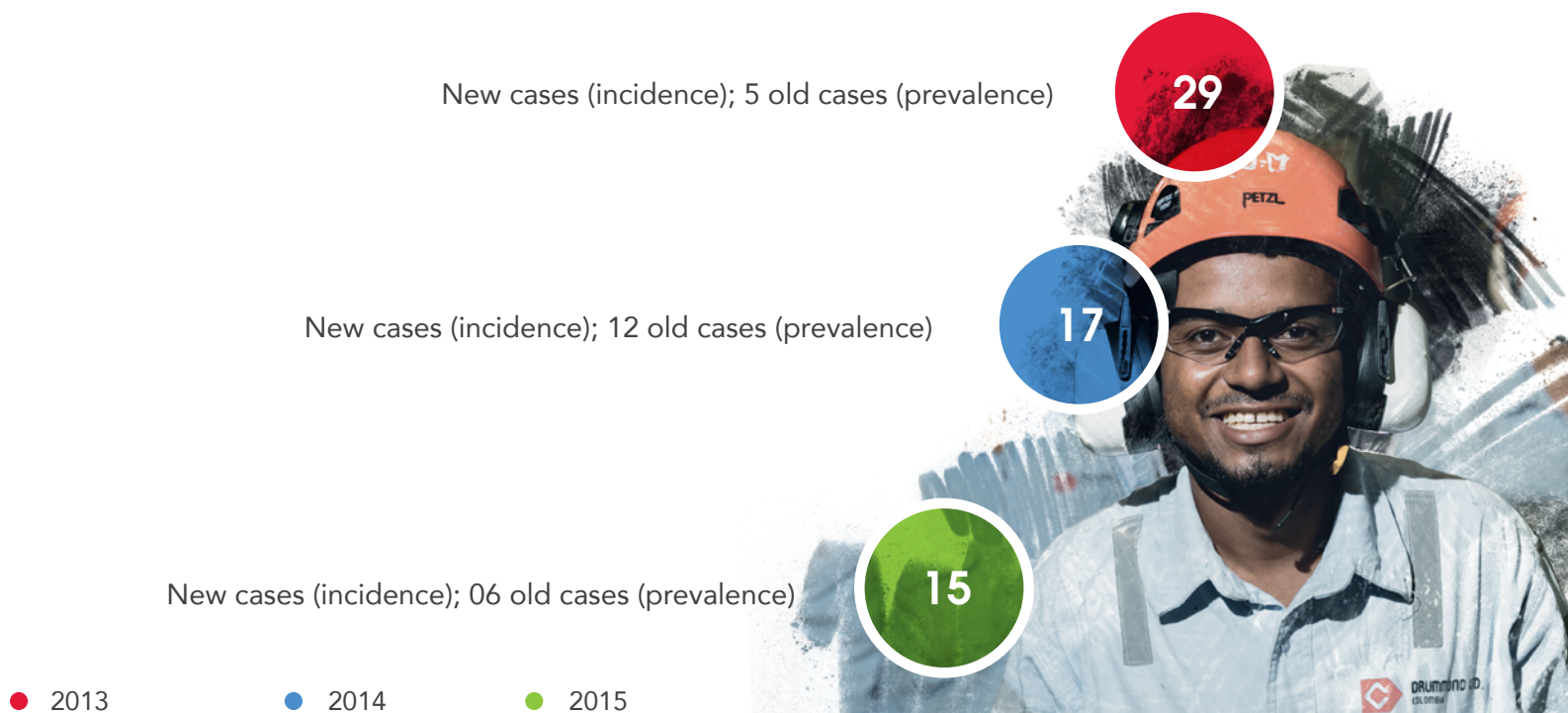


It should be noted that all personal injuries, no matter how minor the diagnosis, are reported to the ARL (occupational health risk administrator) for the proper management. This information is communicated through the publication of reports and documents contained in the Workplace Health and Safety Information Management System. The numbers are as follows:

NUMBER OF CASES REPORTED TO ARL



NUMBER OF CASES DEFINED



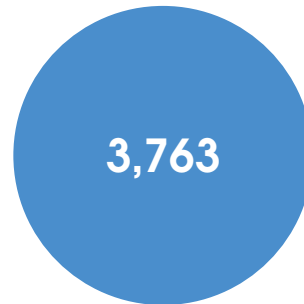


WORKERS EXPOSED TO NOISE AND PARTICULATE MATTER

G4-LA7

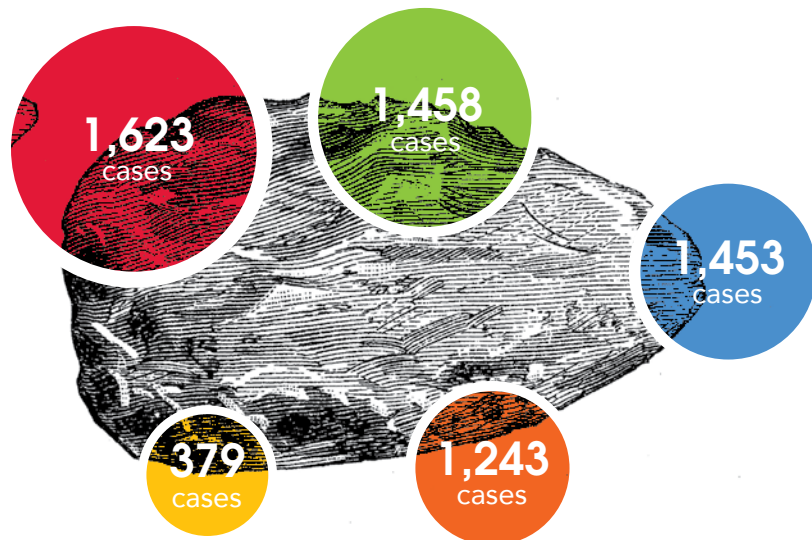
In 2015, Drummond Ltd. conducted morbidity studies of employees to see the relationship between occupational exposure, noise and Particulate Matter (PM) issues.

- Workers exposed to noise
- Workers exposed to inorganic particulate matter



The results of the medical screening exams show the top 5 illnesses:

- Far-sightedness
- Obesity
- Refractive errors
- Old cases of hearing impairment
- Alteration in lipid metabolism



In 2015 the rate of occupational illnesses was:

0%

Due to noise exposure

0.1%

Due to exposure to IPM

Based on the above, it can be concluded that morbidity in Drummond Ltd. employees does not come from occupational exposure to the priority risks in our matrices (noise and IPM).

WHERE DRUMMOND LTD. IS HEADED

Indicator	Goal for 2016	Medium-Term goal
Lost-time accident rate	Reduce accident rate by 30%	Reduce the lost-time accident rate by 30% for 2016
Innovation and implementation in ITC (Information Technology and Communication)	Acquiring a new version of the application for tracking TRASA information (Training & Safety Tracking System)	Implementation of TRASA Net for more and better management of workplace health and safety information
UVAE (Vocational Learning Units in Businesses, in Spanish)	<i>Formalize establishment of the UVAE with the Ministry of Labor</i>	-Certify trainers for working at heights -Provide 40% of employees with training at heights, as required

HEADERS

In 2015, the certification of the workplace health and safety information management system was completed successfully for the mining operations.

Between 2011 and 2015 the accident rate has been reduced by 45%.

For 2016, the implementation of the Person-Focused Safety program continues, seeking to improve the culture of health and safety in the workplace, which was very successful.



LABOR RELATIONS

G4-DMA

G4-LA4

Drummond Ltd. respects the right of association that is required by the labor laws for all companies in Colombia. As a reflection of this, it currently has 5 unions, some of which have already signed collective bargaining agreements that benefit 75.8% of the employees. This indicates how important it is for the company to manage its labor relations which benefit the employees, by keeping the focus on achieving the organizational objectives that have been set. As proof of this, the company has one collective bargaining agreement with two unions and an arbitration award with another.

Managing labor relations at the company is of paramount importance, since failing to do so responsibly would adversely affect the working environment and productivity. The result would be collective disputes and judicial and administrative proceedings that would have a negative effect on the company's reputation and sustainability.

Drummond Ltd. has very clear policies on human resources and respect for human rights, which serve as the basis for labor relations with all employees, regardless of their rank or work area. Additionally, it fully complies with the commitments acquired through collective bargaining agreements, arbitration awards, and in other interactions with labor organizations, such as the periodic meetings that the company holds with them.

At the company, there are no minimum notice periods set in the collective bargaining agreements. Nevertheless, when

there are organizational changes that affect the workers, the company holds meetings with the union organizations before implementing the changes.

It is common practice at Drummond Ltd. to share with union organizations and employees the administrative and operational measures that affect them directly before changes are made. In this regard, Drummond Ltd. has provided the spaces set out in the collective bargaining agreements and additional opportunities to hold meetings outside of the bargaining agreements in an effort to continue optimizing communications. The goal is to be more effective in answering the questions and concerns that may arise among the workers.

Under the Vice President of Human Resources, there is a Labor Relations Department, with officials responsible for managing and coordinating the topics that generally affect workers and the unions. It should be emphasized that labor relations at Drummond Ltd. depend on each of its workers, especially those with staff under their supervision; it is not something exclusive to the H.R. department.

The company receives feedback from the perceptions raised by workers, either directly or through their labor representatives, if applicable. This takes place through personal attention at its offices, in the field or at regular meetings. Currently there is no established measurement.

Complaints about labor practices	Judicial Mechanisms		Labor Coexistence Committee	
Complaints submitted 2015	Administrative labor disputes, labor lawsuits, claims for protection orders	196	Complaints and claims for alleged labor harassment	4
Number of complaints addressed		193		4
Number of complaints resolved		82		2
Complaints submitted during previous periods and resolved in 2015		No data		4

WHERE DRUMMOND LTD. IS HEADED

For all collective bargaining agreements to be signed in a peaceful working environment, that are of mutual benefit to the parties, and to achieve the objectives set for 2016 while maintaining optimal labor relations with the unions and other non-union employees.

HEADERS

In 2015 the meetings of the Vice President of Operations in the Mine and the Port Managers with all employees will resume with aim of receiving direct feedback from everyone and providing them with information of general interest.

In 2015, the arbitration award with Sintramienergética took effect, which ended the collective bargaining dispute that began in 2013.





HUMAN RIGHTS

G4-DMA

G4-HR9

Companies have a commitment to abide by international standards to ensure that they are mitigating their impact on the environment and promoting the business, while also defending the company's image. Drummond Ltd. is aware of this and carries out its activities in the best way possible by respecting and defending human rights and acting in accordance with its own convictions while in compliance with the standards.

The conviction by the corporation and the people who work at Drummond Ltd., yields a strong performance in this area while also complying with Colombian law, international norms and standards. This is an opportunity for customers that purchase coal and know that the mining process is implemented with respect to and promotion of human rights, and ensures the sustainability of the business.

On the other hand, it is important to have external perspectives that corroborate the company's performance in terms of sustainability and human rights, so that it is monitored not only by Colombian monitoring agencies and the communities themselves in their civic oversight efforts, but also by the Bettercoal organization under its strict standards, and we maintain

an open door policy that has allowed our stakeholders to conduct their own evaluations, including our customers. The latter use this information as one of many inputs to decide whether or not to purchase the product. Therefore, poor performance in human rights matters is a risk not only to a company's image but also commercially, regardless of whether a violation in this regard constitutes a violation of the law, which carries judicial, fiscal and reputational consequences, among others.

Management approaches the prevention of potential impacts from occurring, by holding periodic workshops with the management and administrative team, which is supported by firm with experience in implementing international standards such as the Voluntary Principles (VPs) on Security and Human Rights and the United Nations Guiding Principles (UNGPs) on Business and Human Rights. In the planning stage, those who responsible for specific projects also participate in these exercises to ensure that the risks are identified from the start, and that a plan is designed to avoid them.

100% of the company's significant operational locations have been through a human rights assessment.



HUMAN RIGHTS AND SUSTAINABLE DEVELOPMENT, DRUMMOND LTD.'S FOCUS IN CESAR AND MAGDALENA

INTERNAL MANAGEMENT

In late 2014, the Voluntary Principles on Security and Human Rights were adopted, and during 2015 various training and awareness-raising sessions were held, aimed at the company's management and administrative team, with the support of an expert advisor on Human Rights and Business. The United Nations Guiding Principles on Business and Human Rights

were included in the training modules.

Additionally, during 2015 the company published its commitment and adherence to these international Human Rights standards to external stakeholders, such as the national government, the Armed Forces and a significant group of embassies.



G4-HR2

G4-HR7

**In 2015, the Company
carried out:**

10

HOURS OF TRAINING

on topics relating to Human Rights were completed by managers, directors and Supervisors. They communicate down to their respective teams. These training sessions discussed topics related to the voluntary principles and guiding principles and the company's wishes regarding these principles. Risks relating to Human Rights were identified; as were the ways to avoid them.

Of the
55

EMPLOYEES

engaged in security work hired directly by the company, 100% of them completed training to identify the risks that the operation may have in terms of Human Rights by identifying management approaches for these situations, communicating the company's policy and publicizing the international standards regarding voluntary and guiding principles on Human Rights and business. These trainings also extend to the security personnel hired through private security companies.

2015

As a sign of the organization's commitment, and in accordance with its policies, as of 2015, the migration from lethal weapons to non-lethal weapons began at some security checkpoints.

PILOT HUMAN RIGHTS PROGRAM

Drummond Ltd. participated in the program at the invitation of the Presidential Council on Human Rights, along with the Ministry of Mines and Energy, the National Mining Agency, and other companies in the sector, shared best practices on business and Human

Rights. This was intended to provide information for the National Action Plan (PNA) on Human Rights and business, the first version of which was published by the national government on December 9, 2015. In the pilot, they worked on four specific topics:



Complaints and claims systems



Analysis of risks and impacts



Relationship with the communities



Relationships between the national government, local governments and businesses

The pilot was supported by the Ideas Para La Paz foundation. In turn, the Regional Center for Responsible Business and Entrepreneurship (CREER - representative of the Institute for Human Rights and Business (IHRB)) has acted as an observer.

Additionally, the company participated in a study of the mining impacts on the environment, led by CREER – IHRB, which is a collaborative effort that provides input for developing policies regarding Human Rights.





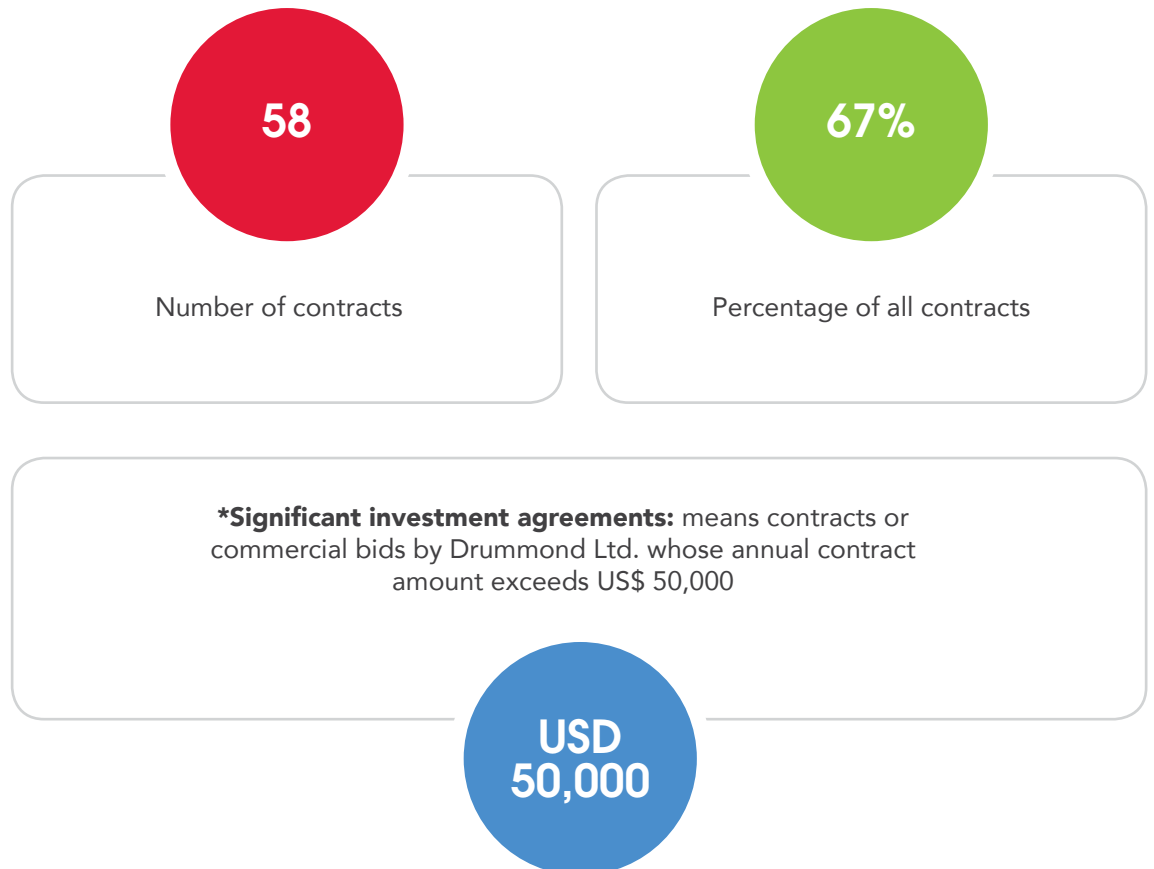
RESPONSIBLE PROCUREMENT

Drummond Ltd. serves as an example to its contractors by sharing its policies and initiatives related to Human Rights. Meetings have been held where the company's Human Rights policies are shared and contractors are asked to develop and implement their own

policies. Through the auditing processes, it is verified that the policies are being developed and followed.

Additionally, the company makes a grievance mechanism available to stakeholders so that anyone can report irregularities.

NUMBER AND PERCENTAGE OF SIGNIFICANT INVESTMENT AGREEMENTS* THAT INCLUDE HUMAN RIGHTS POLICIES OR HAVE UNDERGONE HUMAN RIGHTS ANALYSIS



● Contractors ● Company

2015

G4-HR4

Measures adopted by the organization aimed at defending the freedom of association and the right to collective bargaining.

● In 2015 follow-up was conducted on the commitments made at the meetings with managers and legal representatives for the contractors, highlighting the importance of creation and dissemination among their employees the human rights, conflicts of interests and grievance mechanism policies.

Since July 2015, the audit program for contractors includes verification of human rights, conflicts of interests and grievance mechanism policies, and their dissemination.

In February 2015, the new version of the Comprehensive Manual for Control and Monitoring of Contractors was implemented; which includes a section setting out the obligations for all contractors to apply and respect the human rights policies.

In October 2015, modifications were made to the "Terms and Conditions" appendix, which includes a section binding the contractor to apply and respect the human rights policies. Now there are 3 contracts with the new provisions.

● Drummond Ltd. has the following measures and internal policies aimed at defending the freedom of association and the right to collective bargaining:

- Employee Manual
- Human Rights Policy
- Human Resources Policy



2015

G4-HR4

Centers and significant suppliers where employees' freedom of association or right to collective bargaining may be infringed or threatened.

<ul style="list-style-type: none">● In service contracts, it is established that companies must respect labor laws, which establishes that workers have the right to collective bargaining and freedom of association.	<ul style="list-style-type: none">● For Drummond Ltd., there is no risk of violating this fundamental right. There are 5 unions and full respect for the rights of all workers. Currently, 60.1% of employees are members of one or more unions.
--	--

2015

G4-HR5

Identify the centers and suppliers with significant risk of cases of child labor.

<ul style="list-style-type: none">● There is no risk with significant contractors. Drummond Ltd. prohibits child exploitation, both in its operations and the operations carried out by contractors and subcontractors. This is set out in the "Terms and Conditions" appendix that is sent to and signed by the legal representatives for contractors, and in the Comprehensive Manual for Control and Monitoring of Contractors. <p>If there is any risk associated with child labor, it could arise with non-significant suppliers or subcontractors that do not enter the premises but provide items from small family businesses where minor family members could be employed in the workforce.</p>	<ul style="list-style-type: none">● In accordance with the Selection and Hiring Policy and the Human Resources Policy, Drummond Ltd. prohibits any kind of child labor and this governed by and respects the rules on the minimum working age established in the law and the regulations applied in Colombian and international declarations. <p>Additionally, everyone starting to work at Drummond Ltd. must be at least 18 years old. Drummond Ltd. prohibits any kind of child labor and is governed by and respects the rules on the minimum working age established in the law and the regulations applied in Colombian and international declarations.</p>
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2015

G4-HR5

Describe the measures taken by the organization in order to contribute to the abolition of child labor.

- ● In February 2015, the new version of the Comprehensive Manual for Control and Monitoring of Contractors, which includes a section setting out the obligations for all contractors to prohibit child labor or exploitation.

In 2015 follow-up was conducted on the commitments made at the meetings with managers and legal representatives for the contractors, highlighting the importance of creating and disseminating among their employees the Human Rights, Conflicts of Interests and Grievance Mechanism policies.

Drummond Ltd. conducts periodic audits of its contractors. Since July 2015, they have included assessments related to human rights, conflicts of interests and grievance mechanisms.

Drummond Ltd. has an entrance checkpoint at the company's facilities, which identifies and prevents people under the age of 18 from entering the mining operations to work.

The company also has an extensive Human Rights policy, both for direct employees and for contractors.



2015

G4-HR6

Centers and suppliers with significant risk of cases of forced labor.

<ul style="list-style-type: none">• There is no risk with contractors. Drummond Ltd. prohibits forced labor, both in its operations and the operations carried out by contractors and subcontractors. This is set out in the "Terms and Conditions" appendix that is sent to and signed by the legal representatives for contractors, and in the Comprehensive Manual for Control and Monitoring of Contractors.	<ul style="list-style-type: none">• Drummond Ltd.'s employees are hired under strict compliance with Colombian labor laws and the Substantive Labor Code.
--	---

2015

G4-HR6

Describe the measures taken by the organization to contribute to the abolition of forced labor.

- • In 2015 follow-up was conducted on the commitments made at the meetings with managers and legal representatives for the contractors on the topic of creating and disseminating among their employees the human rights, conflicts of interests and grievance mechanism policies.

In February 2015, the new version of the Comprehensive Manual for Control and Monitoring of Contractors, which includes a section setting out the obligations for all contractors to apply and respect the human rights policies.

Since July 2015, the audit program for contractors includes verification of human rights, conflicts of interests and grievance mechanism policies, and their dissemination.

The audits conducted on contractors include sections evaluating aspects such as:
- Recruitment guidelines - Payment of employee wages - Work shifts and rotations
- Social security payments

The company also has an extensive human rights policy, both for direct employees and for contractors.

EVALUATION AND MONITORING

Through different activities and mechanisms, Drummond Ltd. assesses its compliances and that of its contractors with the commitments acquired regarding respect for Human Rights:

1

The company conducts random audits of contractors and significant suppliers through which different aspects are evaluated, including their commitment and compliance in terms of human rights.

2

In the talks with stakeholders on different aspects of the operation, aspects related to human rights were discussed freely. Furthermore, for interested audiences, and for those who believe that they would benefit from more detailed information on the activities related to human rights, Drummond Ltd. is proactive in seeking direct dialogue. Additionally, the company is diligent in sending any material that may be relevant.

3

The Bettercoal organization, which analyzes different aspects and practices of Drummond Ltd.'s performance, conducts annual audits to ensure that the company complies with the principles and standards that they have established.

4

Drummond Ltd. is also proactive in participating in impact studies, such as the one from the International Institute of Business and Human Rights.

5

Even though Drummond Ltd. has a robust tool for handling grievances, which includes community relations offices in the towns that allow people to receive direct, timely attention, an improvement plan was evaluated and developed. This system includes email accounts where people can write anonymously or in their personal capacity. The people responsible for receiving these emails re-direct the complaint or claim to the appropriate person within the company.

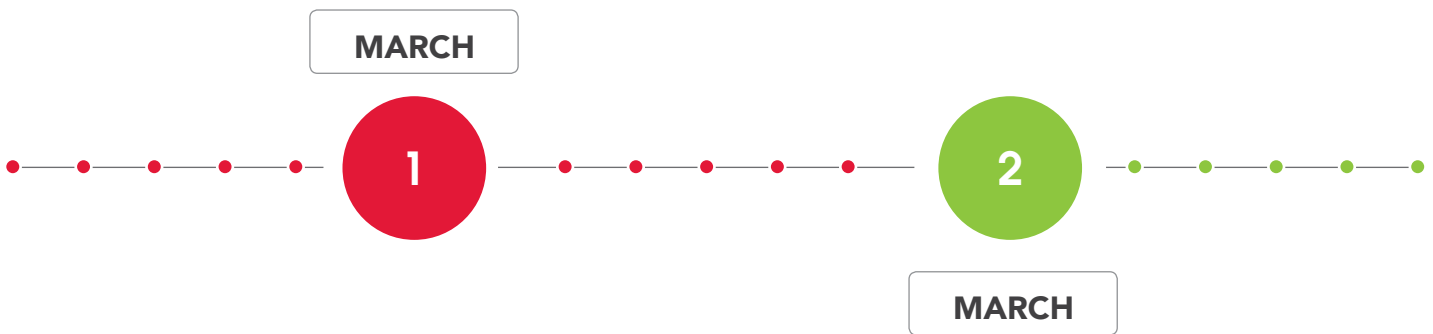


Although no complaints related to human rights were received in 2015 through the formal mechanisms that the company has for this purpose, Drummond Ltd. reports on the current status of cases from previous years with progress during the reporting year:

In March, the decision in the third case in the United States (Balcerro vs. Drummond) was upheld by the federal appeals court (last instance), confirming that there is no evidence linking Drummond or any of its executives to paramilitaries.

– For more information, go to:

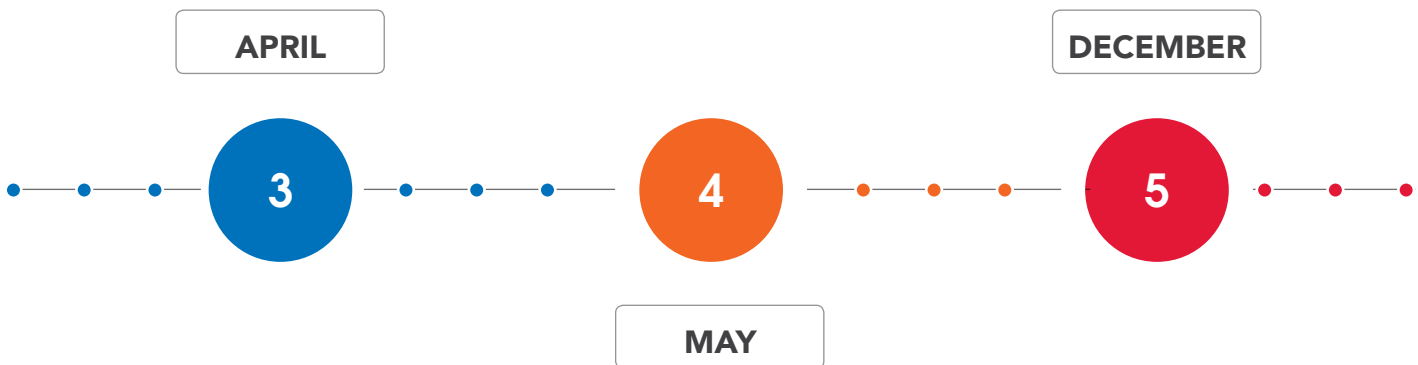
<http://www.drummondLtd.com/drummond-cleared-in-alien-tort-and-tvpa-cases/?lang=en>



In March, Drummond filed a second complaint against Terry Collingsworth, Conrad & Scherer, William R. Scherer, Jr., International Rights Advocates, Inc., the Colombian attorneys Iván Alfredo Otero Mendoza and Francisco Ramírez Cuéllar, and the Dutch citizen Albert Van Bilderbeek, for conspiracy to commit a crime (RICO Act). The complaint proves the payment of large sums of money and other benefits by the defendants to paramilitaries to make statements against Drummond and its executives.

Based on the rulings in favor of Drummond, in April 2015 the Court asked the plaintiffs to present their arguments for why the fourth case should not also be rejected (Melo vs. Drummond), originally filed in 2013.

In December, the Opinion and Decision was issued by the court in Alabama that confirmed that the attorney Terrence Collingsworth had lied to that Court regarding payments to witnesses who have testified against Drummond, and pierced the attorney-client privilege.



In May 2015, Human Rights Prosecutor 118 decided to add Mr. Alfredo Araújo to the investigation into the murders of the union members in 2001, consequently this same office refrained from ordering preventive detention for that employee because it had found no reason to do so.



WHERE DRUMMOND LTD. IS HEADED

Indicator	Goal for 2016	Mid-range Goals
Increase coverage of the training modules regarding human rights to raise awareness among workers	10% of the population	In 2017, achieve coverage of 20% of the population
Continue with the human rights and business pilot that is being worked on with the national government	Have the design for the social dialogue workshop with communities in 2016	In 2017, hold two workshops, one in Cesar and the other in Magdalena, with the communities
Develop a strategy to bring Drummond closer to international audiences interested in the topic	Define the best way to have a presence in international markets	In 2017, make sure that human rights issues are no longer an obstacle to Drummond Ltd.'s international relations

HEADERS

Drummond Ltd. and European customers agree to joint development project for Cesar

Human rights and sustainable development, Drummond Ltd.'s focus in Cesar and Magdalena

MANAGING LOCAL COMMUNITIES

G4-DMA G4-SO1

Drummond Ltd.'s commitment transcends the framework of its mining operations and coal sales, by recognizing that the progress of the communities is a crucial pillar for the sustainable development of the organization. Drummond Ltd. aims to promote and maintain the Good Neighbor policy, which includes optimizing the conditions for coexistence by the company

and the population from its area of influence, therefore making positive community relations are part of its sustainability and organizational strategy.

Similarly, in order to improve the quality of life and relationship with the communities, several projects are being implemented with the goal of creating well-being, mitigating

any negative effects of the operations and promoting the social development of the populations that are influenced by the mining and transportation operations. Drummond Ltd. is a company that respects human rights and is committed to social responsibility. The communities and their needs create a social management commitment for the company.

Efficient management of social matters is ensured by being knowledgeable about the needs of the neighboring

populations. Therefore it is essential to have ongoing communication and a commitment to executing projects in coordination with multiple facets; delivering works that are focused on the region's development and that satisfy the wishes of the community. Community satisfaction is reflected in their support for the company. Not providing appropriate management, conversely, could result in the rejection of the business projects by the community, thus, jeopardizing the growth and sustainability of the company itself.

DRUMMOND AS MANAGER OF REGIONAL DEVELOPMENT

Of the two significant centers of operation, 100% of them have implemented development programs, impact assessments and local community participation, with 55% of the programs implemented in the mines and the remaining 45% in the port. Drummond Ltd.'s area of influence covers the mining municipalities (El Paso, Chiriguana, La Jagua de Ibirico, Becerril and Agustín Codazzi), the port municipality (Ciénaga)

and the municipalities along the railway corridor (Bosconia, Algarrobo, Fundación, Aracataca and Zona Bananera) and it includes Valledupar and Santa Marta as the department capitals.

The company has generated opportunities for jobs and progress in the various spheres referred to in the community building, institution building and community and institutional information programs.

In the Community and Institution Building programs, Drummond Ltd. acts in accordance with the methodology for implementing these projects:

- Aimed at the comprehensive development of the communities
- Referred to in the Municipal Development Plans
- Coordination with the municipal administration
- Purchasing goods and services with preference for local and regional markets
- Community endorsement





Community Building

Includes projects on eight fronts:

Education and culture

Recognizing that education is the basis for community progress, Drummond Ltd. continues to develop an ambitious program focused on improving educational infrastructure, coverage and quality. In 2015, progress was made in strengthening the educational sector with the construction and/or improvement of classrooms, computer labs, school cafeterias and music schools, among others in the various primary and secondary arts and crafts educational institutions in the mining, port and railroad areas of influence. Additionally, following the national governmental guidelines, the company has ventured into early childhood programs with comprehensive support for Child Development Centers, ranging from their operation to providing equipment and improving the sites that are operated by government institutions.

In keeping with the goal of strengthening education, the university scholarship program has been improved to reward academic excellence, and as of December 31, 2015, it has benefitted 89 public school graduates from SISBEN [System for the Selection of Beneficiaries of Social Programs] levels 1 and 2.

Child health and nutrition

Health is essential to the growth and development of a community, which is why Drummond assumes a leadership role by helping to strengthen this sector by constructing, renovating and equipping hospitals and health centers. Likewise, it has entered into agreements with foundations in support of early childhood programs, particularly with respect to nutrition and comprehensive education.

In cooperation with multiple stakeholders, health brigades have been conducted to promote prevention and community service, with priority given to children, which include vaccinations and comprehensive preventive care in dentistry and general medicine. It is worth noting that the construction of household filters for water purification have been implemented, which contribute to reducing infant morbidity and in the general population.



Recreation and the promotion of sports

Drummond Ltd. is involved in restoring the social fabric through a positive impact on strengthening sports schools by donating uniforms and equipment for practicing different sports, which promotes physical activity, respect for social norms and healthy living.

Improving the environment

To mitigate the impacts of the crisis caused by the El Niño phenomenon, Drummond Ltd. contributes to the National Unit for Disaster Risk Management with the logistical support required to control forest fires. In addition, it joins in the annual river and beach cleanup campaigns to promote care for the environment and contribute to creating spaces that are favorable to the welfare of the people.

Reforestation programs are conducted continuously in partnership with the community and the agencies responsible for environmental issues, which include planting ornamental, timber-yielding and fruit trees that contribute to raising awareness about environmental preservation.



Income-producing development

In partnership with the National Authority for Aquaculture and Fisheries (AUNAP) and other coal ports, Drummond Ltd. promotes the revitalization of fishing activities by delivering equipment to strengthen this sector. Simultaneously, the wives and children of fishermen receive training on work other than fishing.

Strategic alliances have been created with the Department for Social Prosperity (DPS) and the National Agency for Overcoming Extreme Poverty (ANSPE), which have been instrumental in promoting income-producing activities that are indigenous to the region and promoting revenue generation in the municipalities in the area of influence.

Maintenance of church infrastructure

With the leadership provided by priests in the municipalities and their importance to the social fabric in mind, contributions are allocated for the maintenance and construction of seminaries, parishes and cathedrals. By improving these spaces, community ties are significantly strengthened.



Maintenance of physical and road infrastructure

So that the positive impacts last over time, Drummond makes sure that the work that was carried out in previous years in different sectors is preserved through the painting program, which provides an opportunity for new entities to get involved in this social project; in 2015, the active participation of the Colombian Agency for Reintegration (ACR) stands out.

The efforts in conjunction with the regional and community authorities have led to improvements to the road network in the towns neighboring the mining operations, by preparing tertiary roads and paving urban areas, and improving mobility in the municipalities in the area of influence.

Care for affected communities

Drummond Ltd.'s social commitment extends to support and care for populations in vulnerable situations when natural emergencies arise.



2

Institution Building

Which includes projects on the following three fronts:

Training civil servants

Those that are in office are trained on the subject of Project Formulation and Investment, with the MGA methodology. At the same time, bonds of friendship and communication are strengthened with new civil servants, and they provide through the Good Governance workshop-seminar, which is held every four years, opportunities for training and strengthening in order to enhance leaders' action and performance for the sake of the community.

Support for art and folklore

It is a source of joy to be able to support the conservation of the community's cultural expressions, and to support the institutions or dance groups that promote art and folklore in the areas of influence.

Support for other sectors

This is aimed at other social sectors to strengthen the community, such as the fire department and non-governmental organizations.

3

Community and Institutional Information

Wich covers:

Customer Service Policy

This creates a space for the community to approach the company by taking requests, complaints, claims and suggestions through the direct service offices to the corresponding departments, and responding to each of their concerns.

Mine and port visits

Visits to the Mine and the Port are aimed at educating the community (schools, universities, technical and technological institutions, public agencies and others) about the mining, transportation and shipment of coal and the industrial safety tools implemented at the Mine and the Port.

Dissemination of the Environmental Management Plan

Through this sector, information is provided to stakeholders – generally the population from our area of influence or the surrounding areas – about the environmental compensation activities conducted by the company.

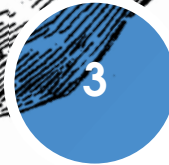


SOCIAL MANAGEMENT OBJECTIVES

To ensure and optimize the conditions for coexistence between Drummond Ltd. and the community



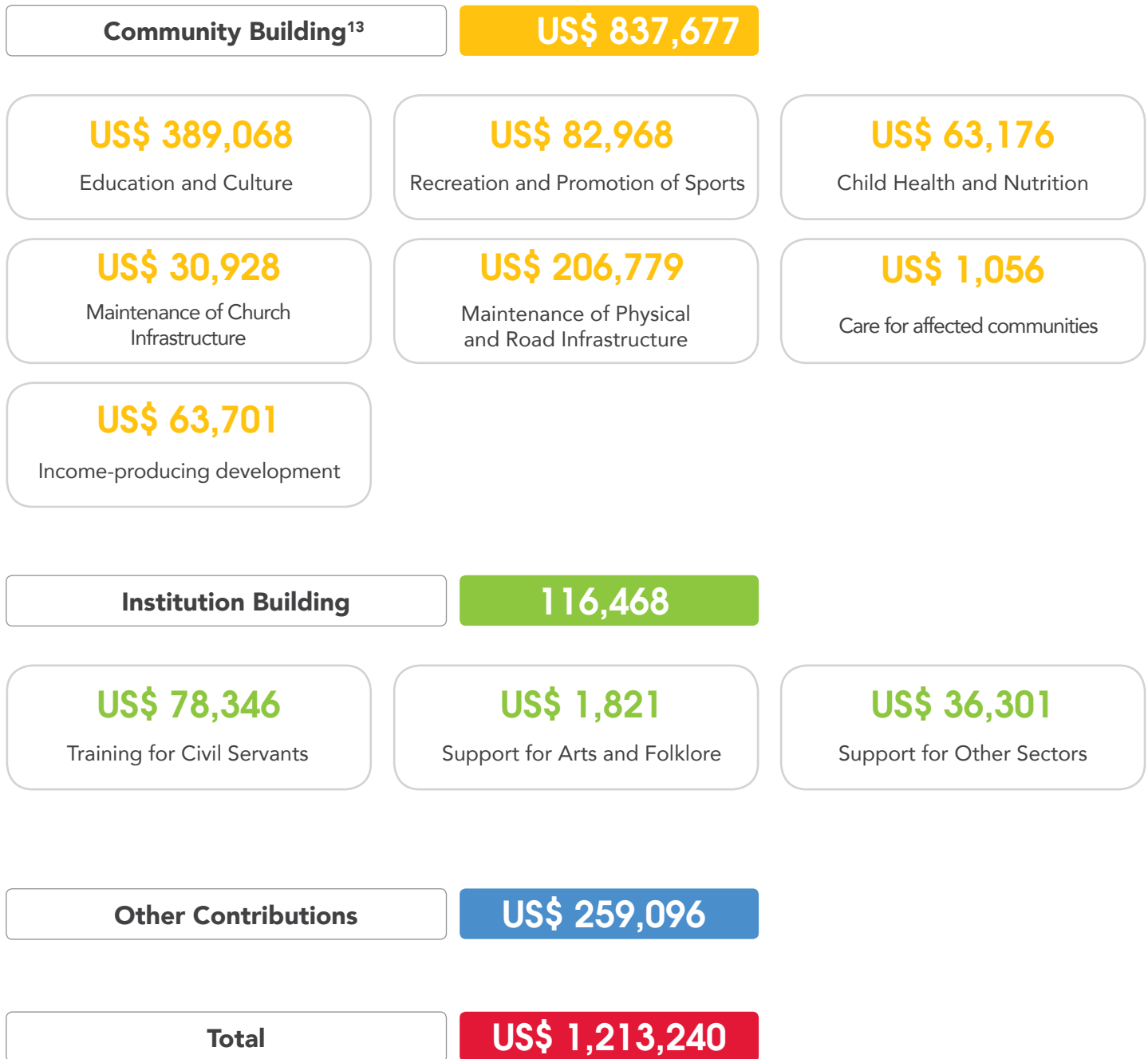
To promote, encourage and implement projects that improve living conditions in the marginalized sectors of Drummond Ltd.'s area of influence



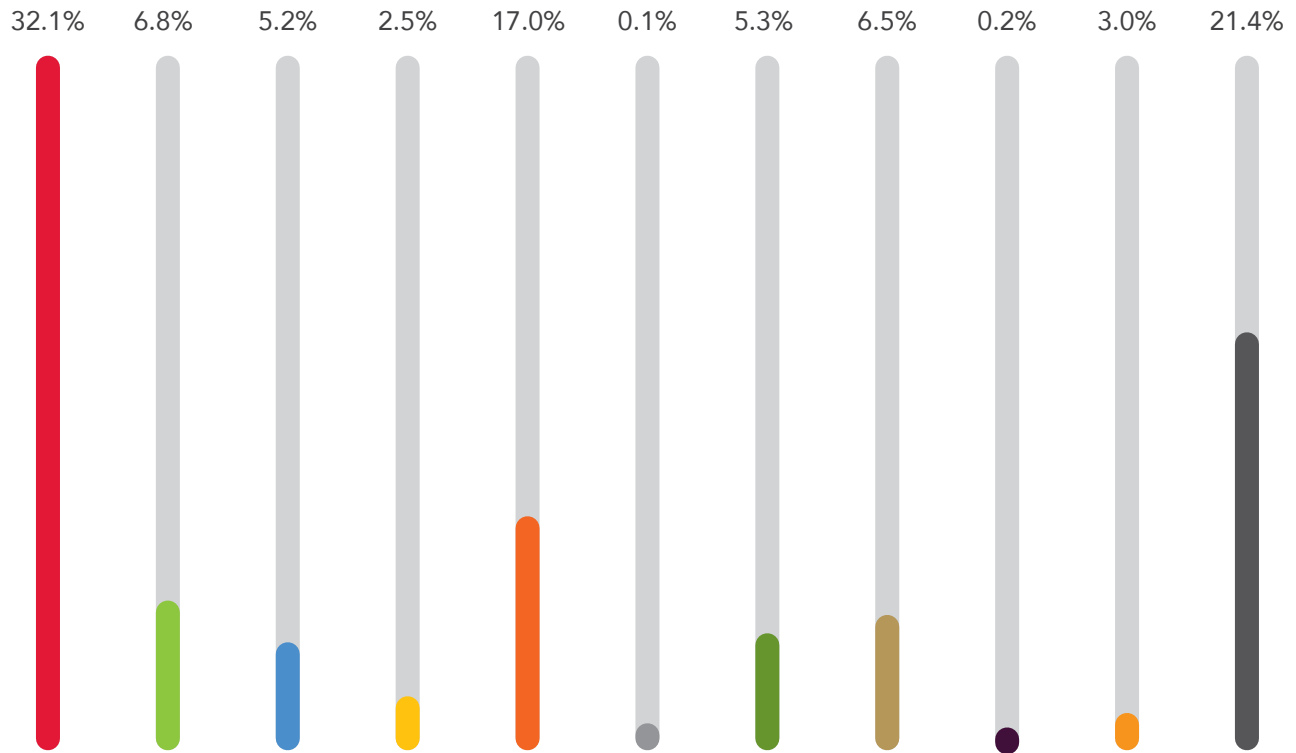
To maintain constant contact with the community, civic and trade organizations and government agencies

To achieve these objectives, the Community Relations Department works on the social management programs discussed previously. In 2015, social investment amounted to US\$ 1.2 million.

The work from the previous year was supported by economic investments by Drummond Ltd. to achieve the goals that were set:



13. Values have been converted from Colombian Pesos to U.S. Dollars using the average exchange rate for that year.



- Education and Culture
- Recreation and Promotion of Sports
- Child Health and Nutrition
- Maintenance of Church Infrastructure
- Maintenance of Physical and Road Infrastructure
- Care for affected communities
- Income-producing development
- Training for Civil Servants
- Support for Arts and Folklore
- Support for Other Sectors
- Other Contributions

For Drummond Ltd., support for education is a priority, as well as infrastructure construction and maintenance, and in this way it contributes to the development of the regions.

ANNUAL CHANGES IN SOCIAL INVESTMENTS*



The amount for social investments has been increasing since 2012 with the single exception for an investment in 2013 to pave a main road in the municipality of La Loma.

* In Colombian Pesos



G4-SO2

G4-EC8

G4-MM7

IMPACT ON THE POPULATION

The company is aware that mining and coal transportation operations generate various risks, impacts and opportunities for the area. In terms of economic development, there has been a positive impact with the creation of job opportunities associated with the mining operations. However, the company does not have sufficient job openings to meet the employment needs of the entire community. To solve this issue, new income-generating options have been created in the region, related to strengthening the commercial, financial, hotel, hospitality and service sectors as a whole. Drummond Ltd. encourages entrepreneurship by hiring companies from its area of influence that meet the

established requirements; these small and medium-sized enterprises have priority when it comes to choosing goods and services in carrying out projects from the social management program.

With respect to non-financial impacts, there is also rapid population growth in the area, which increases the likelihood of having access to public services in general. However, the high volume of transient populations and those that settle in the town as a result of the mining operations create deficiencies in the provision of these services and create pressure on land ownership, especially for communal use, which facilitates settlement by outsiders. Other impacts that particularly affect the municipalities with mining influence include a higher cost of living and increases in cases of petty crime, due to population growth and cultural changes in the population of origin.

In 2015 there were no disputes with local communities or indigenous communities associated with land use. There are ongoing land restitution proceedings filed by individuals seeking to have the Nation return property that was sold in the past to other individuals, which was acquired by Drummond Ltd. years later, in compliance with the obligations and requirements established in the environmental licenses issued so that it could carry out its mining operations. Drummond Ltd. has participated in land restitution proceedings for 25 properties, of which 13 are in the judicial stage, opposing restitution in its position as a third party purchaser in good faith.



Complaints addressed and resolved through formal mechanisms	Social	Environmental
Total complaints received in 2015	10	7
Complaints addressed	10	7
Complaints resolved	10	7
Complaints submitted before 2015 and resolved in 2015	1	1

Both Drummond Ltd.'s mining and port operations have closure and decommissioning plans approved under their environmental licenses. In the case of the mining operations, the closure plan mainly focuses on proposing the general morphological scheme for leaving the land at the end of the operations, with the most sustainable distribution of possible uses of the land that has already been affected, according to the biophysical and social characteristics of the local environment. This plan includes the implementation of different measures, such as the dismantling of the facilities, physical and chemical stabilization, replanting and soil rehabilitation, information and communication with the environmental authorities and the communities. At the same time, it provides for participation and action by the various administrative and institutional bodies and community representatives during its different phases, in order to identify and

prioritize programs and projects that make the social, economic and environmental sustainability of the area of influence feasible; it also provides alternatives for creating economic activities that will make it possible to hire the workforce that is unemployed after the mine closure.

For the port operations, this closure plan includes activities for monitoring natural resources and social projects when the project closes. One year before the end of the port operations, during the decommissioning of the projects and for one year thereafter, monitoring will be conducted on the marine and land physical-biotic components with sampling intervals to be determined at that time. Additionally, informational campaigns will be carried out for the communities of Ciénaga and Santa Marta one year before the end of the port operations.



MANAGEMENT OF RESETTLEMENT PROCESSES

G4-MM9

During 2015, the physical relocation of the 98 resident families living on properties in the center of Plan Bonito was carried out, fulfilling the obligation that was jointly imposed by Colombia's highest environmental authority on Drummond Ltd., PRODECO, CNR and VALE (now CNR III) to resettle the communities of Plan Bonito,

El Hatillo and Boquerón. In El Hatillo, the process of formulating the Resettlement Action Plan (PAR) is being carried out for the 319 families that make up the community that will be the beneficiary of the process. In Boquerón, the topographical survey is being conducted to determine the number of properties involved in the process.



**PLAN
BONITO**

175 FAMILIES

Of which 98 are residents and 77 are non-residents

EL HATILLO

319 FAMILIES

Of which 189 are residents and 130 are non-residents

BOQUERÓN

500 FAMILIES

Estimated to include approximately

Any disputes that have arisen in this process are related to the classification and application of the eligibility criteria for the beneficiaries of the resettlement process (resident – non-resident) because of the implications that this classification has on defining the impacts

and the corresponding compensation. To resolve them, there are mechanisms established in the international standards adopted in the consultation process, namely the Petitions, Complaints and Claims system, which is functioning in each town.

ONGOING DIALOGUE

The opinion survey aimed at the population in the area of influence has been designed to evaluate how the community perceives the company. This is one of the ways in which the company receives feedback on community

perceptions with respect to the work being carried out. It also serves as an input for evaluating the programs, establishing improvement plans and responding more effectively to the needs and requirements of the neighboring communities.

WHERE DRUMMOND LTD. IS HEADED

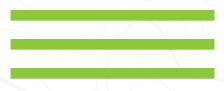
In the medium term, Drummond Ltd. will work on implementing tools or methodologies that will allow it to measure the impact generated by its social intervention.

HEADERS

Drummond Ltd., as a part of its social responsibility program, has contributed more than US\$ 1.2 million to strengthen the populations in its area of influence.

The Casa en el Árbol Foundation led by Taliana Vargas and Drummond Ltd. are strengthening their ties for the well-being of the communities.

C H A P T E R
06
R E S U R
M B



• THE ENVIRONMENTAL DIMENSION •







PROTECTION OF WATER RESOURCES

G4-DMA

Water resources are an important component for Drummond Ltd.'s mining and port operations, because of the way it is used in controlling emissions of particulate matter, an effect that is peculiar to these operations where there is significant movement of mineral material, with the constant operation of equipment on unpaved roads.

Not having this resource for the organization's projects would cause, on the one hand, risks at different stages of the operation such restrictions in the implementation of the particulate matter control program, which make it possible to keep air quality conditions in the operations and in the surrounding area below the maximum allowable levels established by the country's current regulations.

On the other hand, a restriction in accessing water for human and industrial consumption, would limit the possibility that personnel could stay inside the project's facilities, and would prevent the

washing of coal or the operation of the power plant.

Meanwhile, if the operations are not performed properly, they could reduce the quality of this resource both in the surrounding waterways and underground, which would be detrimental to the uses for other activities in the area of influence of the mines. This would make Drummond Ltd.'s activities unsustainable as they relate to the communities, who could take legal action and request restrictions on the operations.

For purposes of preventing these risks, the organization has a corporate policy related to water conservation¹⁴, that covers specific actions both in terms of quantity and quality, mainly focused on the efficient use and conservation of water resources.

With the implementation of this policy, Drummond Ltd. has been transforming risks into opportunities by designing strategies that increase the sustainability of the project. Some of them include:



Prioritizing the reuse of industrial and mining water¹⁵, instead of from natural waterways.



Implementing water saving and efficient water use programs.



Taking additional actions for the treatment of industrial and mining water in order improve the conditions of discharges, beyond those required by the regulations.

¹⁴. The water conservation policy is available on the website <http://www.drummondltd.com/wp-content/uploads/Politica-de-Conservacion-del-Agua.pdf>.

¹⁵. This mining water, which is also known as bilge water, corresponds to runoff water that passes through the mining operations and diminish in quality for human consumption but that can be used in the operation, as well as the seepage water

The organization assesses progress in its management approach based on the results of the monitoring carried out periodically, both of water consumption

and the results of its quality in discharges and in bodies of water. Below the main results are described, broken down by strategy.

WATER COLLECTION

G4-EN8

The first strategy for water use at Drummond Ltd. establishes using the surface water concessions as little as possible so that the supply from these bodies of water can be used by the communities. That is why of the total water used in the mining projects, only 16% comes from natural waterways.

The company has managed to do this by creating internal reservoirs in the mine, increasing storage of rainwater, runoff and seepage water during the winter, which makes this resource available during the summer and reduces the use of the water concessions.

An example of the work done by the organization in favor of water resources in the region is the natural reservoir called the El Paujil Reservoir, located in the La Loma mining project, which stores approximately 10 million m³ of water. This reservoir continuously feeds an intermittent stream called San Antonio. During the first quarter of 2015 (the driest period of the year), this reservoir delivered 582,593 m³ of water into the stream, at a time when the riverbed had zero flow. This made it possible to conduct agricultural

activities in the lower part of this basin during periods when they previously could not be performed due to its absence. This reservoir has also made it possible to create a protected ecosystem that has enriched the biodiversity of the region.

Total water collection by source is shown in the following table, where it can be seen that, despite the increase in total consumption as a result of the increase in coal exports in 2015, there was a reduction of 204,199 m³ in water collected from surface source in the mining operations.





TOTAL WATER COLLECTION BY SOURCE

● Mining operations ● Port operations

Collection of surface water m ³	Collection of groundwater m ³	Collection of bilge or mining water* m ³	Total
2014	2014	2014	2014
1,987,050	364,772	8,733,893	11,085,715
261,230	426,217	-	687,447
2015	2015	2015	2015
1,782,860	371,044	8,970,858	11,124,762
271,947	634,544	-	906,492

* Water stored at the bottom of the mining pits.

With respect to the port Project, due to the shortage of water in the region, priority has been given to the use of groundwater over surface water, in order to avoid competition with other surface water uses existing in the region, particularly including human consumption. For this reason, Drummond in 2015 only used 11.3% of the flow rate granted in concession of surface water.

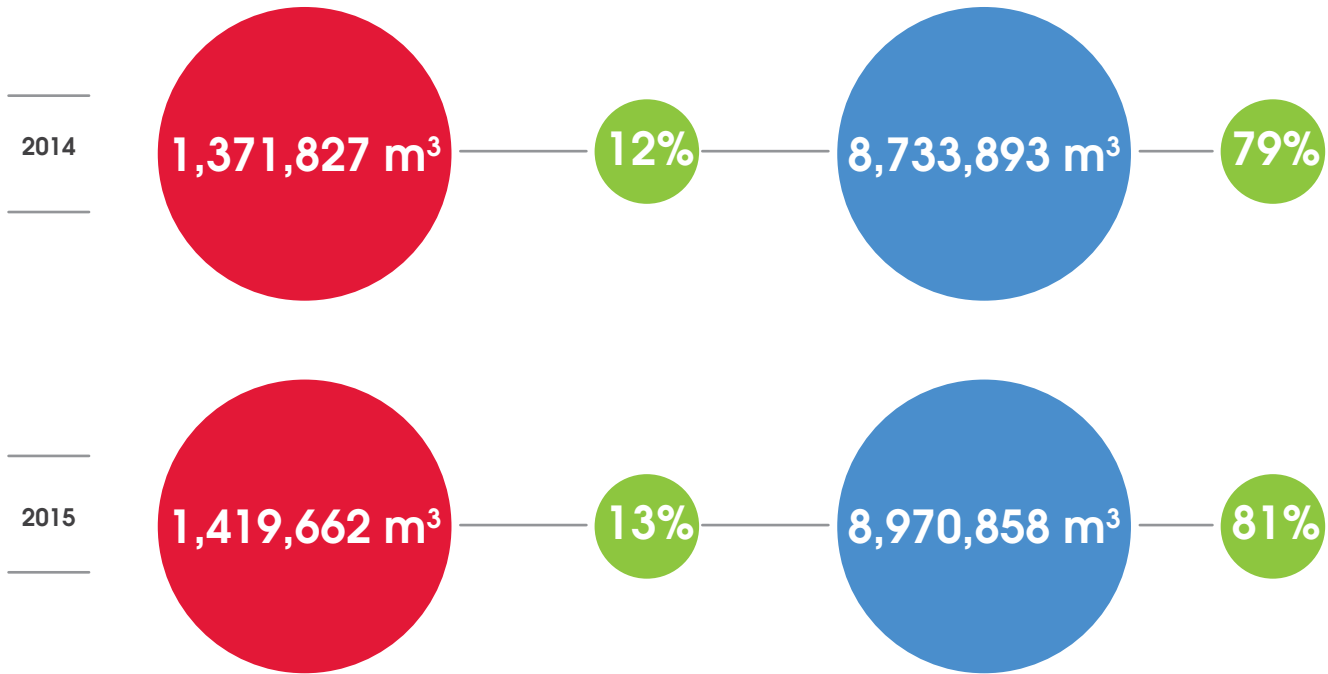
EFFICIENT WATER USE

G4-EN10

In line with the second strategy from its water management policy, Drummond Ltd. has programs to recover water in different processes in its mining operations. At the mines, the water that is recovered is from the coal washing process.

Although currently there are no meters that reveal the total amount of water recycled in these processes, it is estimated that 50% of the water required for the coal washing plant is reused in the same process, as shown in the following table:

PERCENTAGE AND TOTAL VOLUME OF RECYCLED WATER



- Estimate of reused water in the coal washing plant in the mining projects.
- Total bilge and low quality water (runoff, infiltration, rain) used in the mining operations.
- Percentage of reused and recycled water.

Quality in discharges

G4-EN22

In terms of water quality, Drummond Ltd.'s basic guideline is to improve the quality of the discharges at the mining projects to levels that are equal to or better than those required by the current regulations. Therefore, measures have been implemented from redesigning some treatment systems, sedimentation-type pools, to others that seek to reduce the sediment load of the discharges. Similarly, an in order to reduce the impact of the operations on water

quality, the company implemented in its port operations a Domestic Wastewater Treatment Plant, whose process makes it possible to obtain discharge qualities comparable to those of the natural bodies of water in the area.

In 2015, the company had a total of 10 discharge points into 7 bodies of water, of which 9 are from the mine and one is from the port. Below are the specific discharges and the total generated by the organization.



TOTAL WATER DISCHARGES, BY NATURE AND DESTINATION

MINE

PORT

Discharge point	Component	2014	2015
Garrapatas stream: E 1054054 - N 1548316	BOD (Ton/year)	41.39	43.37
	CDO (Ton/year)	179.31	199.02
	TSS (Ton/year)	668.23	269.79
Paraluz stream: E 1061286 - N 1554187	BOD (Ton/year)	19.84	4.02
	CDO (Ton/year)	83.87	16.42
	TSS (Ton/year)	375.84	20.45
Paujil stream: E 1067239 - N 1547534	BOD (Ton/year)	3.48	1.28
	CDO (Ton/year)	14.50	5.34
	TSS (Ton/year)	10.84	2.00
San Antonio stream (Pool 6): E 1067062 - N 1545047	BOD (Ton/year)	61.17	10.07
	CDO (Ton/year)	292.82	59.60
	TSS (Ton/year)	764.95	50.31
San Antonio stream (Pool 7): E 1062298 - N 1547956	BOD (Ton/year)	19.36	19.01
	CDO (Ton/year)	66.19	76.21
	TSS (Ton/year)	121.55	169.22
El Mocho stream: E 1053470 - N 1566304	BOD (Ton/year)	18.38	1.36
	CDO (Ton/year)	71.56	5.65
	TSS (Ton/year)	41.93	1.96
El Zorro stream (D3): E 1061836 - N 1570451	BOD (Ton/year)	23.55	6.07
	CDO (Ton/year)	105.87	52.29
	TSS (Ton/year)	372.59	47.02
El Zorro stream (D4): E 1063333 - N 1569004	BOD (Ton/year)	9.73	0.59
	CDO (Ton/year)	39.56	2.46
	TSS (Ton/year)	481.30	2.42
El Zorro stream (D5): E 1066368 - N 1572010	BOD (Ton/year)	2.39	1.73
	CDO (Ton/year)	9.86	12.16
	TSS (Ton/year)	92.21	17.48
Rainforest: E 985092 - N 1715645	BOD (Ton/year)	0.98	1.50
	CDO (Ton/year)	3.40	5.60
	TSS (Ton/year)	1.60	15.90
Total load discharged by Drummond Ltd. in 2015	BOD (Ton/year)	200.28	89.00
	CDO (Ton/year)	866.95	434.74
	TSS (Ton/year)	2931.05	596.56

According to the above results, there was a reduction in the loads for the three parameters in 2015 as compared to what was discharged in 2014. This decrease corresponds to 56% for Biochemical Oxygen Demand (BOD), 50% for Chemical Oxygen Demand (CDO) and 80% for Total Suspended Solids (TSS).

To monitor and understand the status of the water quality from surface water sources, Drummond Ltd. has established monitoring stations on the tributaries upstream (US) and downstream (DS) from the discharges from the wastewater treatment systems

from its mining projects. To illustrate the state of the quality in these stations, the Water Quality Index (WQI) is calculated, which allows to identify the impact the discharges of Drummond’s mining projects could have on the receiving streams.

The WQI is an index between 0 and 1 that indicates the degree of quality of a body of water, in terms of human welfare, regardless of its use. Additionally, it is an aggregation of the physical, chemical and, in some cases, microbiological conditions of the body of water, which gives evidence of pollution problems and is interpreted as follows:



● Amounts that the indicator can take ● Water quality rating



The results shown below make it possible to see that the data obtained downstream are very similar to the readings upstream.

WATER QUALITY INDEX

POINT	2014	2015	2014	2015
EH10 (San Antonio US)	0.70	0.67	AVERAGE	AVERAGE
EH22 (SAN ANTONIO DS)	0.61	0.66	AVERAGE	AVERAGE
EH18 (Garrapatas US)	0.65	ND	AVERAGE	ND
EH14 (Garrapatas DS)	0.65	0.68	AVERAGE	AVERAGE
EH15 (PAUJIL US)	0.73	0.69	ACCEPTABLE	AVERAGE
EH29 (PAUJIL DS)	0.72	0.68	ACCEPTABLE	AVERAGE
EH35 (PARALUZ US)	0.61	0.62	AVERAGE	AVERAGE
EH36 (PARALUZ DS)	0.63	0.66	AVERAGE	AVERAGE
EHD21 (Zorro US)	0.67	0.68	AVERAGE	AVERAGE
EHD12 (Zorro DS)	0.61	0.64	AVERAGE	AVERAGE

*US: Upstream. *DS: Downstream *ND: no data.

PROGRAMS FOR THE PROTECTION OF WATER RESOURCES

Drummond Ltd. is supporting the preparation of the POMCA for the Calenturitas river so that there is a plan for the recovery actions for that basin aimed at recovering water flows on this important water source. Similarly, Drummond has been supporting the neighboring communities by helping with their pumping and water supply systems, and in identifying and implementing actions to improve the quality and quantity of water in the villages of La Loma and La Aurora, respectively.

Drummond Ltd. also communicates the results of the water resource monitoring to the communities. Then, comments and suggestions are collected on ways to improve those efforts. Similarly, through the Complaints and Claims Process (CCP) available at the community assistance sites, or electronically, Drummond Ltd. receives comments, requests and suggestions regarding this work. In 2015, there were no substantiated complaints or claims by the community that implied

or showed the existence of competition for water resources between the mining projects or the port project and economic activities or domestic or human use in their vicinity and arising from them.

The resources allocated for protection and conservation of water resources in the mining projects reached US\$ 655,000 and the Port is was close to US\$ 273,000.

WHERE DRUMMOND IS HEADED

The results that Drummond Ltd. has achieved in the management of its water resources poses new challenges, new goals and new strategies that contribute to the wellbeing of the communities and the sustainability of its operations. For that reason, it has set new targets regarding its indicators associated with its work for the protection of water resources:

Name	Goal for 2016	Medium- or long-term goal
Reusing water in internal processes in the explosives plant and in the power plant	To reuse 31,433 m ³	To keep the amount of reused water at 31,433 m ³ for each year until 2019
Indicator 2 (Reduction of the use of surface water in the La Loma mine)	To reduce the water used in the reservoir by up to 200 m ³ , using water collected during rainy periods	2017 : Reduce 400.00 m ³ Cumulative 2019: Reduce 800.00 m ³ Cumulative

HEADERS

The mining projects use only 16% of water from natural waterways in their operations.

The La Loma mining project, from its water reservoir called the Paujil reservoir, provided 582.593 m³ of water to the San Antonio stream during the first quarter of the year (the driest period), at times when there was no water flow available.

Puerto Drummond only used 27% of its authorized water in 2015.



AIR QUALITY

G4-DMA

The importance of air quality has become a key issue for the company, because of its relationship to health risks for workers and the communities in its areas of influence. Therefore, the proper management of air quality to reduce emissions and mitigate its health effects is a central pillar of Drummond Ltd.'s operations.

The organization's focus on air quality is based on prevention and aims to implement new technologies to reduce and control emissions in each of its processes. Founded on its environmental sustainability policy, the company recognizes the importance of developing and implementing improvement programs, and making an ongoing effort to identify, evaluate, control and mitigate the impacts on air quality that are associated with its operations. Its main management tools in this area are the Environmental Management and Monitoring Programs.

The operating areas are responsible for implementing in the mine and port operations the measures established for controlling atmospheric emissions; to do so, they rely on the Environmental Department, which has a technical team constantly dedicated to the evaluation, design and implementation of actions to properly manage air quality and the improvements carried out periodically.

To assess the effectiveness of this approach, the organization relies on the

results of monitoring air quality in the area. However, given the complexity and the many factors associated with the air quality conditions at each particular monitoring station, other mechanisms have been used. These including external reviews by stakeholders of the activities conducted under the Environmental Management Plan.

Drummond Ltd. also takes into account the visits by the relevant authorities and other outsiders to verify compliance with the activities established to control emissions. It is worth noting that in 2015, the company received follow up visits from the National Environmental Licensing Authority – ANLA, and from the Ministry of Mines, which found that the company was complying with the environmental management measures established, and even that additional measures have been implemented. Furthermore, there was a follow up visit from Bettercoal that verified Drummond's fulfillment of the obligations regarding air quality management by meeting international standards.

Additionally, the company takes care to inform the neighboring communities on the progress of its work in this area through communication programs and the media. In these ways, information is shared with the community about the different mechanisms for the prevention, reduction and control of atmospheric emissions, as well as the air quality conditions in the Mining Area of Cesar.

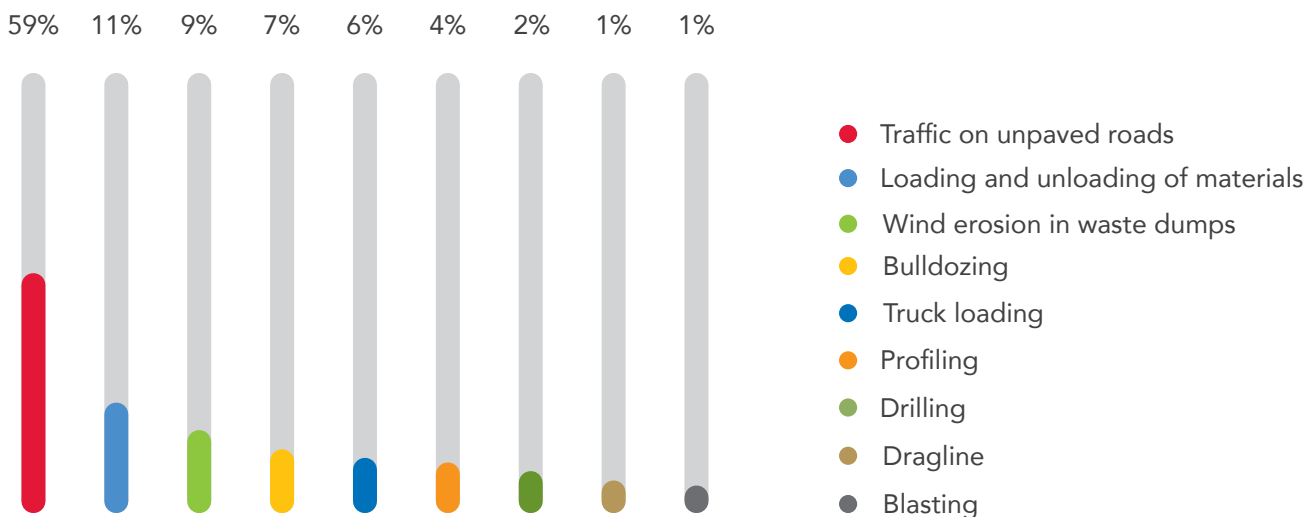
AIR QUALITY MONITORING

The country’s environmental authority established, based on Resolution 610 of March 2010, the air quality standards nationwide for the pollutant criteria for TSP, PM10, PM2.5, SO2, NO2, CO and O3. In order to learn more about the company’s compliance in regards to these pollutants in the mining area of Cesar, the Regional Autonomous Corporation (Corpocesar) continually operates an Air Quality Monitoring Network. This currently includes 29 pieces of equipment that monitor different sized particles (TSP, PM10 and PM2.5)¹⁶.

The SO2, NO2, CO and O3 measurements taken by the Corporation show concentrations that are consistently below the specifications. Likewise, the measurements of air quality or emissions of these contaminants have been conducted during campaigns in 2013,

2014 and 2015 at three different stations around the La Loma mine recorded concentrations below the quality specifications defined in Colombia. This shows that these types of pollutants are not the primary contaminants from the open pit mining operating activities, which is why Drummond Ltd. focuses on controlling particulate matter.

Drummond Ltd. also updates and develops dispersion models that help to categorize the processes that generate the most emissions of particulate matter. This information is used to guide the significance of the control measures, and focuses the organization’s environmental management on controlling the sources of the greatest particle emissions through processes; derived from this analysis, the emissions from the operations were identified, as follows:



16. In January of 2016 the Regional Autonomous Corporation of Cesar (Corpocesar) issued the “Special Report of the Operating System to Monitor Air Quality in the Coal Area of the Cesar department” available at http://aite.dyn dns.org/ambiensQ/amtpro/mapas/cpc?_sm_au_=iVV3Z5rvnks6MsSr. If you have any questions about this report and the information presented in our sustainability report, please contact us (contact information available in the content G4-31).



The total emissions calculated from the emission factors established by the Environmental Protection Agency of the United States, are as follows:



Pribbenow Mine **	Descanso Mine North **	Puerto Drummond ***
2014	2014	2014
7,175	6,633	197
2,230	2,230	ND
2015	2015	2015
9,028	11,823	385
2,783	3,960	ND

● TSP Ton/year*

● PM10 Ton/ year*

* To take the particulate matter measurements, AP42 Emission Factors were used. In 2015, some calculation values for the emissions were updated (e.g.: fine particle content on exposed roads) and improvements were made to the emissions inventory. These changes to the emissions inventories had an influence on the changes in emissions reported.

** The emissions sources considered in the mining operations were: transportation of overburden, river alluvium and coal in the pit, surface roads and waste dumps. Loading and unloading materials, transportation of light vehicles.

*** The emissions sources considered in the port operations were: coal transportation in the yards. Coal loading and unloading. Wind erosion. Transfer points on conveyor belts.

In connection with the port activities, the Regional Autonomous Corporation of Magdalena operates an air quality monitoring system, currently consisting of 10 monitoring stations where they track

concentrations of PM10 and TSP particulate matter along the coastal corridor between the district of Santa Marta and the municipality of Ciénaga, the municipality where Puerto Drummond is located.

ACTIVITIES TO CONTROL EMISSIONS OF PARTICULATE MATTER

As a result of the identification of the emission sources and prevention strategies that have been adopted particulate matter has been reduced. Starting with the mine planning, such as reducing distances for hauling material or increasing backfilling volumes, and thereby reducing emissions from traffic on the roads and unloading material at external dumps, which are two of the operations that contribute the most to particulate emissions.

control emissions at the most significant operations, an example of which is the constant watering of the roads performed at the Mines and at the Port. This activity is planned on a monthly basis and has the country’s largest fleet of tankers at a mining company per unit of production, in order to execute this strategy in the best way possible.

Mechanisms have been implemented that make it possible to reduce and

In general the control mechanisms that ensure that the activities performed at the Mine and the Port are up to international standards are different, and they include:



Use of fog cannons or dust busters to control emissions at the Shovel-Truck loading operations (pioneering activity in Colombia).



Wetting in coal loading and unloading activities in the mine and the port.



Use of dust suppressors on perimeter roads during the driest months of the year.



Use of water launchers to control emissions at the material loading and stacking operations.



Other actions outside of the project for the benefit of the communities, such as the cleaning and sweeping of urban roads, the paving of urban roads, closing open landfills in neighboring towns, among others.

Drummond Ltd. is implementing a real-time monitoring network to measure the emissions generated by the mining process, in order to provide the operation with information to establish additional controls and/or establish operations criteria to avoid affecting air quality in

the populated areas and sensitive areas outside of the mines.

The resources allocated to managing air quality at the mining projects amounted to US\$ 14.5 million and for the port project¹⁷ the amount was US\$ 75,919.

17. Corresponds to the total of the cost of the irrigation service and the port and contribution for the Corpamag monitoring network



WHERE DRUMMOND IS HEADED

In 2016, the organization put the finishing touches on its plan to promote the technological strengthening of the air quality monitoring network in Cesar, in order to establish real-time control, making it possible to make concrete decisions and establish timely responses in the neighboring communities in response to any incidents of contamination. With respect to the port operations, the organization plans to install new monitoring equipment inside the port to strengthen the currently operational monitoring measurements.

Goal	Specific Goals for 2016	Medium or Long-Term Goal
To implement the operational monitoring network in each mining project	To have 2 networks operating consisting of 3 pieces of equipment each to conduct operational monitoring in the mining projects	2019: Based on the operation of the internal network, establish additional controls and/or operational criteria to avoid affecting air quality
To continue with the implementation of particulate matter emissions control systems in the shovel loading process	To install 6 water cannons for the loading operations at the El Descanso project	2019: To install particulate matter emissions control systems at all material loading sites
To keep daily particulate matter emissions at the port operations below 300 µg/m ³	≤300 µg/m ³	≤300 µg/m ³

HEADERS

At Drummond Ltd. there are 33 tanker trucks, 17 at the Pribbenow mine, 13 at the El Descanso mine and 3 at the port. It is the country's largest tanker fleet per unit of production and the one with the largest irrigation capacity.

Investment of more than 40 billion COP for managing air quality.

Continuous improvement, not only in controlling emissions but also in the quality of life of the communities, is our commitment and responsibility, which is why our actions are not limited to our operations, but rather they go beyond them into the communities.

PROTECTING THE LAND

G4-DMA

For Drummond Ltd., protection of the land is crucial at both the mining and the port operations. In both cases, it is a factor on which the organization focuses its efforts on obtaining and maintaining the social license for the projects.

For the open pit mining operations, the company is aware of the reputational risks that its operations represent due to their effects on the territory, which is one of the major concerns stated by the communities. Some of them express their fear of the potential loss of environmental goods and services, as well as the migration of wildlife and the emergence of non-recoverable areas in the final stage of the mining operations.

Meanwhile, the construction, expansion and modernization activities at the port facilities, by changing the use of the land, also have an impact on the environment. This leads to the search for solutions that, in addition to optimizing the intervention so that it only occurs in the area that really warrants it for the proper operation of the equipment and support facilities, also take actions to compensate for the impacts caused.

In light of the above, Drummond Ltd. has developed a management framework to prevent impacts on the land that is based on the organization's environmental sustainability policy. The main tool in this framework is the Environmental Management Program (EMP), designed to protect and preserve biodiversity through the protection and recovery of the topsoil, rescuing wildlife, replanting areas that have been disturbed and forestry compensation.

Responsibility for the work in terms of protecting the land and its biodiversity corresponds to the Environmental Department, which has a technical and operational team constantly dedicated to the evaluation, design and implementation of actions to properly manage this resource, as well as to monitoring it. This team relies on operational personnel at the mining and port projects for the implementation of the improvement actions that may be needed from time to time.

Monitoring these activities is done through various activities, such as:



Reviews by the area to monitor the progress of the geomorphological recovery and replanting work.



Visits from the relevant environmental authorities to assess the progress and effectiveness of the processes for replanting and strengthening the surrounding areas.



Periodic visits by members of the community to the areas of the project where the environmental recovery activities can be seen in the mining and port projects.



LAND PROTECTION STRATEGY

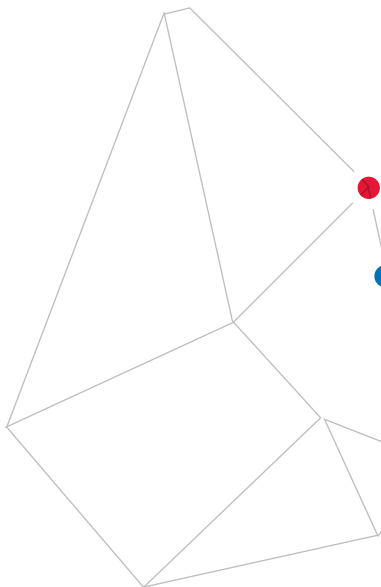
Drummond Ltd. recognizes that its responsibility is to leave the affected areas in conditions that are similar to or, where possible, better than those found at the start of the project. For that reason, it has prioritized, within its management framework, two approaches that correspond to preventing impacts on the land, and also what has been called “Building the Future.”

Preventing impact on the land means that, from the operation design stage, the environmental variables for the territory are involved to make modifications to the

mining or port operations to avoid affecting the land that has great environmental value. Doing this also prevents affecting riparian buffer zones, valuable forest areas or flood areas that provide water regulation services for the watersheds.

Subsequently, and during the performance of the mining operations, it seeks to maximize backfilling (disposal of overburden in the same area as the mining operation).

With respect to the “Building the Future” strategy, it is mainly based on four actions, which are:



- Protection and strengthening of the areas surrounding the mining projects
- Relocation of wildlife in the areas that the company protects
- Replanting the affected areas
- Forestry compensation aimed at the conservation and restoration of ecosystems



1 Protection and strengthening of the areas surrounding the mining projects



2 Relocation of wildlife in the areas that the company protects

The creation of bodies of water in nearby areas – such as the Paujil Reservoir at the La Loma project, and the protection and planting in wooded areas and riparian buffers that surround the projects, seek to maintain native genetic material from flora and fauna that facilitates, enriches and diversifies the recovery of the affected areas that are being replanted as the project moves forward.

The protection of wildlife through policies such as a total ban on hunting and fishing on the company’s lands. Additionally, animals are relocated in the protected areas surrounding the projects when they enter the areas of operation of the projects, which strengthens the biodiversity present in the projects and the nearby areas.



Replanting the affected areas

Replanting the affected areas plays a critical role when thinking about the closure of the mining operations and the integration of that land into the surrounding environmental conditions; the geomorphological restructuring activities, the installation of organic soil, the spreading of grass seed and covering them with hay, and the subsequent planting of trees will allow these barren lands left over from the mining operations to gradually become grassland, brushland and forests where wildlife can find food and shelter, transforming them over time, and thanks to successional development, into solid ecosystems.



Forestry compensation aimed at the conservation and restoration of ecosystems

The forestry compensation programs are developed as comprehensive conservation projects, based on a search for the recovery of the main ecological structure of the basins in the area of influence. They are developed based on the design and implementation of conservation corridors that make it possible to connect the forest blocks horizontally and vertically through the recovery of the areas that, due to different anthropogenic processes, are currently experiencing some degree of degradation.

IDENTIFICATION OF IMPACTS ON BIODIVERSITY

G4-EN11

G4-EN12

Identifying impacts on biodiversity is part of the strategic focus of preventing impacts on the land. To do this, the company conducts studies before, during and after its activities at both the mining and the port facilities. This makes it possible to understand the state of the biodiversity present in the direct and indirect area of influence, and in this way to confirm the effect of the operation over time.

During the preparation of the environmental studies, it was found that the mining and port operations are not located in protected areas or with high diversity value. It is worth noting that most of the area of the current mining operations

was formerly used for extensive livestock or agricultural activities, which had removed the existing natural vegetation and where some stretches of riparian buffers remain.

Nonetheless, the protection of native biodiversity is a priority for the company, and its closure plan provides for the conversion of the affected areas into conservation areas, under which the protected stretches around the projects will be the source of germplasm for both flora and fauna that will lead to the recovery of the areas in successional stages that encourage the presence of the native biodiversity that the company intends to leave as the legacy of the mining operations.



However, it is important to mention that species have been identified in areas surrounding the projects that are included in the IUCN Red List, which are mentioned below:

Type	Level of risk of extinction	Mine	Port
Animal	Critically endangered (CR)	Blue-billed curassow (<i>Crax alberti</i>) Red-footed tortoise (<i>Chelonoidis carbonaria</i>)	-
	Endangered (EN)	-	-
	Vulnerable (VU)	Leporinus fish (<i>Leporinus muyscorum</i>)	-
	Near Threatened (NT)	-	Semipalmated sandpiper (<i>Calidris pusilla</i>) – Migratory species
	Least Concern (LC)	Southern lapwing (<i>Vanellus chilensis</i>) Black-bellied whistling duck (<i>Dendrocygna autumnalis</i>) Double-striped thick-knee (<i>Burhinus bistriatus</i>) Orange-chinned parakeet (<i>Brotogeris jugularis</i>)	All of the species reported at the wildlife stations are included in the IUCN list under the least concern category.
	Critically endangered (CR)	-	-
Vegetal	Endangered (EN)	Rusby plant (<i>Parinarium pachyphyllum</i>)	Palo rosa, carreto timber trees (<i>Aspidosperma polyneuron</i> Müll.Arg.)
	Vulnerable (VU)	Olla de mono woody plant (<i>Lecythis minor</i>)	Palmiche palm tree (<i>Copernicia tectorum</i> (Kunth) Mart).
	Near Threatened (NT)	-	Wild cashew tree (<i>Anacardium excelsum</i> (Bertero ex Kunth))
	Least Concern (LC)	Puy flowering plant (<i>Tabebuia bilbergii</i>)	-

In the areas to be modified, prior wildlife rescue operations will be carried out that, though wildlife displacement and translocation campaigns, will protect these species from the activities that are typical of the operations.

The geomorphological adaptation processes seek to not only maintain

ground conditions that facilitate the growth of shrub and tree species and the establishment of ecosystems, but also to create geofoms that better stimulate the randomness of nature. Once the soil stabilizes and the herbaceous species are showing sustained growth, shrub and tree species will be planted to promote the successional process of the areas in recovery.

COMPENSATION, REHABILITATION AND REPLANTING OF AREAS

G4-EN13

The strategic focus of the biodiversity under Drummond Ltd.'s "Building the Future" project includes carrying out activities to compensate and rehabilitate the areas that have been affected by the mining and port operations. The most significant activities have been:

- 1** Forestry compensation that is being conducted in the middle basin of the Toribio River and supports the habitat restoration processes, the regulation of water flows, the control of soil erosion, increased rainwater filtration, carbon sequestration and oxygen production. Between 2011 and 2015 a total of 18,380 trees have been planted on 20 hectares. The activity was carried out by the port operations and has been verified by the Regional Autonomous Corporation of Magdalena – CORPAMAG.
- 2** Conservation activities by Puerto Drummond on 0.9 hectares of rainforest located in the municipality of Ciénaga, Magdalena. The conservation activities have been verified by CORPAMAG, which has jurisdiction over the use of natural resources, and the National Environmental Licensing Authority – ANLA.
- 3** The restoration of 11.44 hectares and the preservation of 381.87 hectares of the Sororia River located in the municipality of La Jagua de Ibirico. This activity was conducted by the mining operations through the Prosierra Nevada de Santa Marta foundation and verified by Corpocesar, ANLA and the Ecosystems Division of the Ministry of the Environment and Sustainable Development (MADS).
- 4** The replanting of 750 hectares of the Northern Dump and Dump 9 for the mining operations located in the municipalities of Chiriguaná, El Paso and La Jagua de Ibirico. These activities are verified by the ANLA and Corpocesar.
- 5** Currently, a new compensation program for the San Antonio creek basin is in the design phase through the Prosierra Nevada de Santa Marta foundation, which expects to reach 2,070 ha and its design should be finished in 2016 and implementation should begin in 2017.

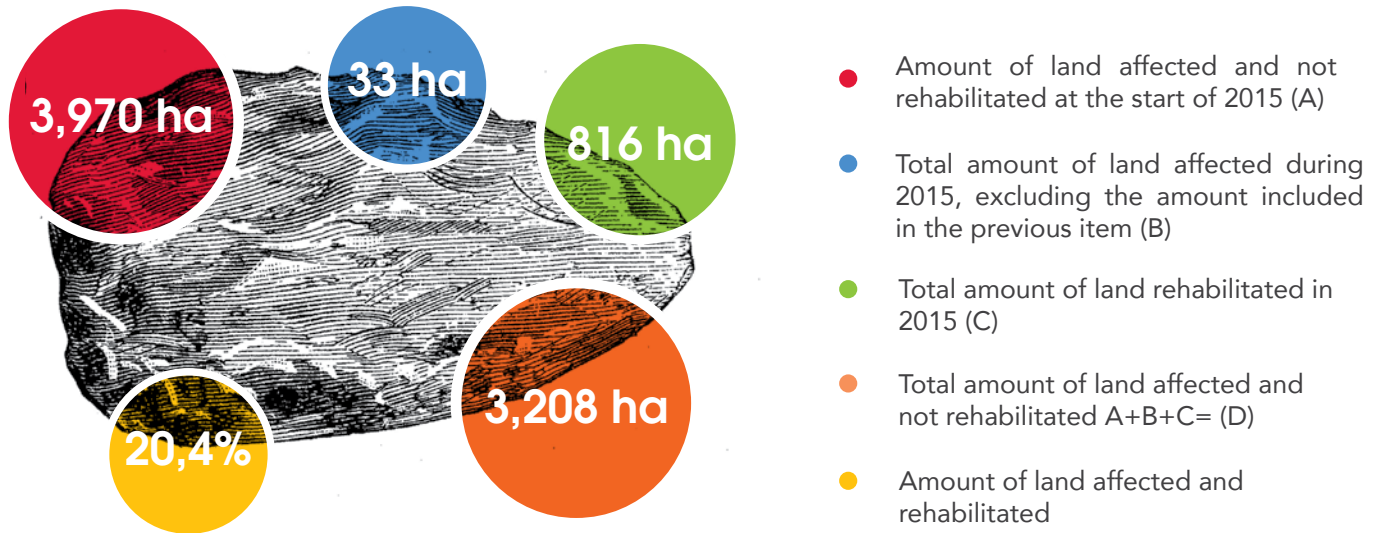
Additionally, the company has specific area indicators for monitoring the progress of the geomorphological recovery work, and it performs monitoring on plots as a sample of the replanted areas to assess the successional progress of the processes.



In 2015 the area of land that was rehabilitated amounted to 816 hectares, thanks to the implementation of the different strategies.

G4-MM1

AMOUNT OF LAND (OWNED OR RENTED, USED FOR PRODUCTION ACTIVITIES OR EXTRACTIVE USE) AFFECTED OR REHABILITATED¹⁸



The funds allocated to land protection and conservation and biodiversity in the mining projects amounted to US\$ 1.01 million, and for the port project they amounted to US\$ 302,642.

OTHER PROJECTS CARRIED OUT BY DRUMMOND FOR LAND PROTECTION

In addition to the activities for the restoration, conservation and protection of areas of ecological and environmental importance to the watershed areas that support the preservation and increase of vegetation cover, Drummond Ltd. also provides economic benefits to environmental guardians, develops income-producing projects related to conservation, water harvesting projects to minimize the impact of drought due to climate variability and other socioeconomic projects that comprehensively address the problems that arise in the upper watershed areas.

On the other hand, the company has a project that seeks to implement conservation corridors, in order to make it possible to connect the forest blocks horizontally and vertically through the

recovery of the areas that, due to different anthropogenic processes, are currently experiencing some degree of degradation. In the mining operations, the organization seeks to maximize backfilling, meaning that the disposal of overburden takes place in the same area as the mining operation to avoid affecting areas outside of the project.

In the formation of bodies of water such as the Paujil reservoir in the La Loma project, or the protection and planting of the wooded areas and riparian buffer zones that surround the projects, the organization seeks to protect the endemic genetic material from flora and fauna that facilitates, enriches and diversifies the recovery of the affected areas that will be replanted gradually as the project moves forward.

¹⁸ The results shown in this table are available only for the Pribbenow mine.

WHERE DRUMMOND IS HEADED

The goals set by Drummond Ltd. associated with the protection of land are:

Indicator	Goal for 2016	Medium- or long-term goal
Recovery and reuse of soil (Port)	Recovery and reuse of soil, 20 m3 per year	Maintain the amount of reused soil of 20 m3 for each year until 2019
Recovery of 100% of the areas diagnosed with erosion problems (Port)	Recovery of 100% of the areas diagnosed with erosion problems	Recovery of 100% of eroded areas through 2016
Geomorphologically adapted area (Mine)	100 ha	
Replanted area (Mine)	100 ha	
Area with designs for forestry compensation (Mine)	2.070 ha	

HEADERS

At the La Loma project, Drummond has replanted 826 hectares.

It has relocated 201 animals of 6 different species.

It has invested US\$ 1.3 million in Drummond's land and biodiversity program.

At the port, the soil in the areas diagnosed with erosion problems has been recovered.



IMPACTS ON HEALTH AND THE ENVIRONMENT IN THE LOGISTICS AND TRANSPORTATION OF COAL

G4-DMA

The transportation of coal and, in general, and all transportation related to the Mining and Port operations have a significant impact on the environment, the employees and the quality of life of the residents near the operations and the transportation route. For this reason, this matter is part of the company's environmental policies, particularly the Environmental Sustainability Policy.

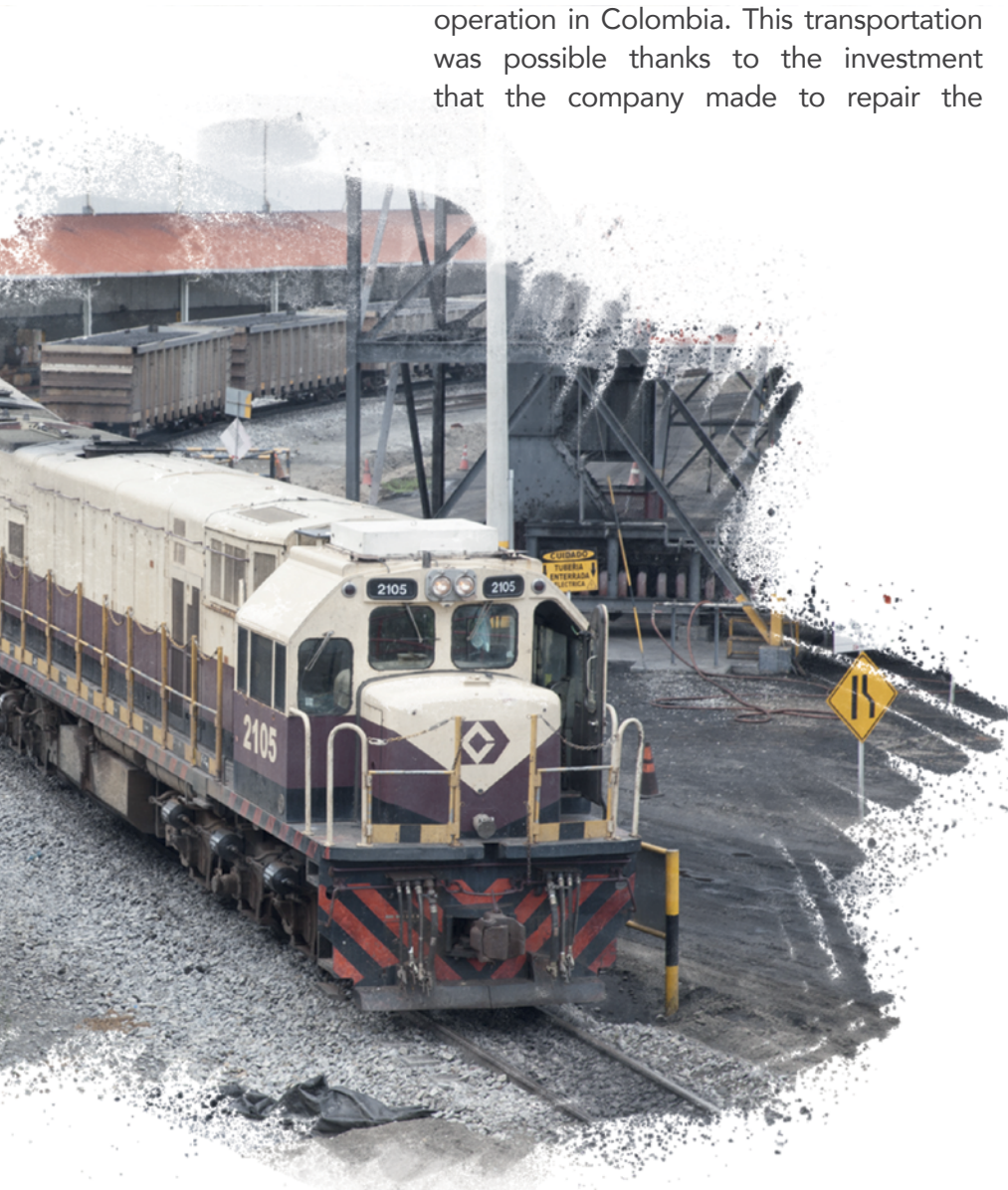
Two years after it began its operations, Drummond Ltd. began transporting coal by train between the Mining operations and the Port. At the time it was the only rail operation in Colombia. This transportation was possible thanks to the investment that the company made to repair the

national railway between La Loma and Ciénaga. Since then, all of the coal has been transported to Drummond's Port in Ciénaga by train.

The national railroad corridor is owned by the state and granted in concession to the company Fenoco. The organization repaired a stretch of approximately 190 km to allow the coal to be transported. The trains and cars are owned by Drummond Ltd. and are used to move the coal from the mines in the center of Cesar to Puerto Drummond. At the Port, the coal is shipped on vessels chartered by the purchasers, so its direct responsibility for transportation ends there.

Coal transportation is managed, constantly raising new challenges and improvement actions that optimize the operations, through planning and operations aimed at efficiency in handling cargo. As a result, there have been changes to the conveys, going from a set of trains that moves 120 cars to a set that moves up to 150 cars; the acquisition of new locomotives with higher standards in terms of engine efficiency and noise generation, and ongoing training of the operating staff to make the operation even safer.

Moving coal at Puerto Drummond and its transportation to the holds on the ships is part of a sustainable operation. The implementation of new coal delivery systems at the Port and the system for loading directly onto ships not only makes the handling of the raw material more efficient, but they are also more energy-efficient by reducing the use of fossil fuels as compared to the previous loading method. At the same time, it reduces the risks associated with the operation and avoids the weather and sea restrictions that affected the previous system.



Work has also been performed in coordination with Fenoco to implement an automatic traffic control system that makes use of the railroad even more efficient, obtaining better travel times, improved safety and greater track availability. The company also supports Fenoco in the process of implementing the double track, which will significantly increase the availability of transportation, allowing for more coal exporting with social and economic benefits for the communities surrounding the operations and for the country in general.

To evaluate the efficiency of the coal transportation and the impacts on the environment, Fenoco is overseen by the National Environmental Licensing Authority, whose results are monitored and tracked by Drummond Ltd. through its reports to the Board of Directors, on which Drummond Ltd. participates.

Currently, there are no specific audits of Drummond Ltd. of Fenoco's performance and environmental compliance, but it is a possibility for future implementation.

TYPES OF TRANSPORTATION

Drummond Ltd. identifies two types of transportation, one specializing in products and materials, and the other being the transportation of the people who are part of the organization.

1

In the transportation of products and materials used for the company's activities, the fleet of vehicles, under normal operating conditions during 2015, transported a daily average of 13 trains, including 12 trains with 150 cars each and one train with 70 cars.

2

In regards to the transportation of the employees that work at Puerto Drummond and their travel to the municipalities of Ciénaga and Santa Marta, a fleet of 28 buses is used; 19 with capacity for 23 people and 7 with capacity for 9 people, owned by the company Transportes San Antonio. To transport the employees that work at the La Loma and El Descanso Norte mining projects, 33 and 11 buses are used, respectively, with capacity for 38 people, owned by the transportation company Copetran. The transportation for employees of the mining projects covers the 9 major population centers in the area of influence.

The organization's personnel is transported using subcontracted buses with vehicles in good working order that are well-maintained, which move all personnel to and from the Mining and Port projects. This also provides significant benefits in

terms of efficiency in their mobilization (since it prevents each employee from traveling in their own vehicle, with greater environmental implications, mainly in terms of emissions) and employee health and safety and, therefore, their quality of life.



IDENTIFYING IMPACTS

G4-PR1

G4-EN30

In order to assess any significant impacts that may arise in the transportation operations in terms of health and the environment, the company has programs where it plans and carries out activities for risk identification, assessment and control, in order to minimize the likelihood that they materialize. Currently, risks have been identified related to noise emissions, particulate matter emissions and oil spills.

Noise emissions are generated when there is an increase in maximum sound pressure levels, caused by the friction of the wheels on the tracks. Emissions of particulate matter are due to the force of the wind on the coal being transported in the cars and the emissions from fuel combustion in the engine. Finally, oil spills are classified as significant due to the effects that they can have on the ecosystem and on natural resources.

In transporting personnel, significant environmental impacts come from the bus fleet and the increased concentration of emissions of particulate matter caused by traveling on unpaved roads. Additionally, oil spills could cause harm to the soil, water, flora or fauna.

Waste production is specifically identified in relation to tires and some waste generated by the bus fleet, but it is handed by the same company that provides the service: Transporte San Antonio.

To identify significant environmental impacts, the company uses the criteria and methodology from the guide "General Methodology for the Submission of Environmental Studies" by the Ministry of the Environment, Housing and Territorial Development, published in 2010.

MITIGATION OF IMPACTS

The mitigation of environmental impacts in transportation is carried out using different strategies; noise emissions are identified by reducing the friction coefficient by applying lubricant and grinding. Fenoco has implemented the use of natural barriers around the railroad track near populated areas: 2,720 meters in the town of Bosconia, the installation of 584 meters of retaining walls and the creation of dykes.

Activities aimed at controlling particulate matter are carried out when performing

the process of wetting and compacting coal when it is deposited into the train cars, thus reducing particulate emissions in the transportation process. Additionally, trains are loaded to below the top level of the cars. Drummond Ltd. ensures that the amount of coal loaded is of a size that helps prevent dispersion during transportation.

Another strategy to mitigate the impacts created is to wash the outside of the train before leaving the Mine; additionally, a preventive, predictive and corrective

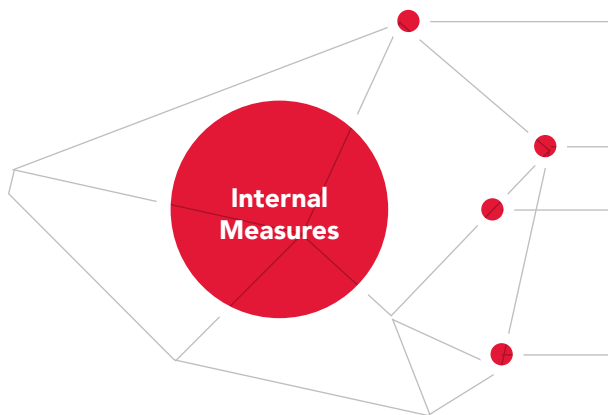
maintenance program is implemented to optimize fuel and the operation of the train engines.

The train engines strictly comply with international rules on emissions from diesel rail vehicles for moving cargo. Fuel consumption is controlled through the engines' catalytic purifiers, all with the goal of controlling diesel emissions.

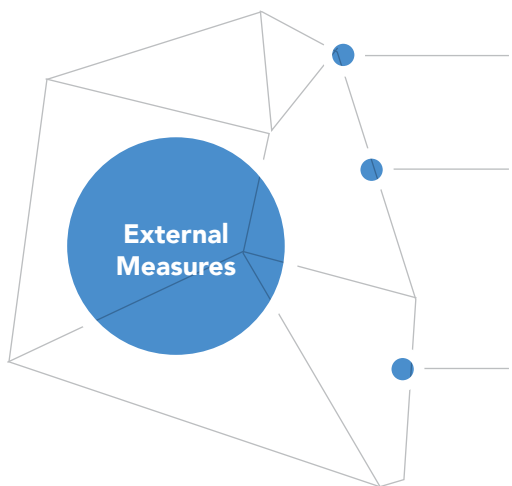
The company pays great attention is the possibility of oil spills, which are controlled

by checking equipment and through predictive and preventive maintenance. The result of these measures in 2015 was zero incidents related to spills of oil, chemicals or other oils.

In the process of identifying impacts, strategies are implemented that are designed to mitigate the environmental impacts of transportation, which is why the company has internal and external measures that include the following:



- Constant watering of roads where the buses circulate: during the dry season, spraying at the beginning and end of shifts is intensified
- Speed control on buses
- Defensive driving courses attended by all bus drivers
- Switching the material on the perimeter roads to a heavier material that generates less fine particle emissions from traffic
- Preventive maintenance on buses



- Speed controls on buses
- Defensive driving courses attended by all bus drivers
- Spraying of internal roads in the town of La Loma (50% of the buses transport personnel to this town) on an ongoing basis and with special emphasis on the roads used by the buses that transport our personnel, and during the times before shift changes
- A road maintenance program has been implemented in which a tanker truck with capacity of 13,800 liters wets the roads that will be brushed and profiled with a grader. This equipment makes visits twice a year to each municipality in our area of influence in Cesar to perform the work agreed to in advance with the corresponding municipal administration



CASE STUDY 1: SIGNIFICANT SPILLAGE WHILE TRANSPORTING AMMONIUM NITRATE

In the Mining project, there was only one significant environmental incident with a contractor that was transporting ammonium nitrate for the company. A truck overturned on a state road, which involved spilling nearly 14 tons of ammonium nitrate. All contingency measures were implemented, the Environmental authorities were notified, all material was collected and the affected areas were replanted as part of the joint environmental responsibility by Drummond Ltd. and the contractor. Ammonium nitrate is a solid, odorless, stable noncombustible product. In the case that the product accidentally falls to the ground, it must be collected and its presence can be eliminated by rinsing thoroughly with water with no risk to the ecosystem.

CASE STUDY 2: PROGRESS REGARDING THE BARGE INCIDENT IN 2013

In January 2013, an industrial accident took place at Puerto Drummond's marine operations, which was explained in the previous year's report. As a result, Drummond Ltd. is required to comply with the provisions of Resolution 1309 of 2013. The developments in 2015 included:



On matters concerning the additional community service sanction on the tourist beaches, the company held several meetings with representatives of the office of the Mayor of Santa Marta, looking for a way to comply with the provisions and simultaneously have the greatest positive impact on the city. Before the end of the year, an agreement was reached to work on the only two beaches with tourist zoning plans. The intent is to formalize the agreement during the first quarter of 2016, which will not only be limited to the resolution's mandates, but it will also go further and include a series of investments that will make these places into model beaches at the national level. In addition to garbage cans and cleaning, restrooms and signage, Drummond Ltd. will provide uniforms, tents, safety and first aid kits, lifeguard watchtowers, platforms for handicap access, markings to identify areas for swimmers and water sports, and it will build a pedestrian bridge.



Additionally, the conversations with representatives of the municipality of Ciénaga are continuing and they have not progressed at the same pace due to the serious erosion that the beaches in this municipality is facing today. We are optimistic and hope that we will soon jointly agree to a work plan.

WHERE DRUMMOND LTD. IS HEADED

The objectives that the organization has set include the way it intends to handle coal emissions:

Name	Goal for 2016	Medium or Long-term Goal
Coal emissions in transportation	To control the coal concentrations in the air quality measurements of Fenoco’s network,keeping levels below 5%	To keep coal concentrations in the air quality measurements of Fenoco’s network at levels below 1%

HEADERS

Drummond Ltd.’s rail transportation, which has been performed since 1997, has not only been efficient but it has also avoided the serious impacts caused by truck transportation.

Currently, a single train with 150 cars moves the same amount of cargo as 214 tractor trailers.

Drummond’s Port is designed to move 60 million tons per year, making it the largest and most modern port in Colombia.

Independent Assurance Statement

Adherence to GRI G4 principles and indicators



BOGOTÁ D.C., October 28th, 2016

BSD Consulting has conducted for the second consecutive time an independent assurance statement for Drummond Ltd.'s Sustainability Report, for the 2015 year. The aim of this assurance is to assess and provides conclusions upon:

- The application of the Global Reporting Initiative's principles for defining the report content and quality, in its latest version G4.
- The adherence to GRI G4 technical protocols of indicators and to the Mining and Metals Sector Disclosures.
- The quality of disclosed information regarding sustainability performance throughout the reporting period.

Independency

As an independent third party, we guarantee that none of BSD employees maintain consulting contracts or commercial relations with Drummond Ltd. BSD Consulting is a AA1000 Licensed Assurance Provider under registry 000-33 and is a certified Global Reporting Initiative trainer.

Our Scope

BSD Consulting is a global sustainability consultancy that provides knowledge and solutions for sustainable development. This assurance has been conducted by experienced professionals with expertise in sustainability reporting, stakeholder engagement and external assurance.

Responsibilities of Drummond Ltd. and BSD Consulting

The reporting, stakeholder engagement and materiality processes are Drummond's responsibilities. The report's assessment, the validation of compliance with GRI G4 principles and the confirmation of the "In Accordance" criteria, are BSD's responsibilities.

Boundary and limits

The boundary of this verification corresponds to the non-financial information of Drummond Ltd.'s Sustainability Report 2015. This process was conducted according to GRI G4 guidelines as well as the AA1000AS 2008 principles, Type 1 and in moderate level.

Methodology

BSD Consulting assurance process included:

- Review the process of defining materiality
- Interviews with employees of key areas to sustainability management and reporting of material issues (Labor Relations, Human Resources, Health and Safety, Environmental Management, Procurement, Community Relations, Land and Finances)
- Field visit to Pribbenow mine and Ciénaga Port to verify information
- Review of articles in the media and publications of independent organizations where the company is mentioned
- Review of documents supporting the information presented on the report
- Quality and reliability check of selected information.
- Critical reading of the final draft of the report and request of adjustments and clarifications to the company.

General findings and conclusions

Based on the work performed, nothing has come to our attention to suggest that the information and data contained in this report does not come from reliable sources or systems, or that the assumptions used are inappropriate. No errors that may significantly affect the reported performance or data are evident.



Independent Assurance Statement

Adherence to GRI G4 principles and indicators



BOGOTÁ D.C., October 28th, 2016

Global Reporting Initiative (GRI) G4 Assurance

Principles of content and quality

Regarding the adherence to GRI principles for defining the report content (stakeholder engagement, materiality, sustainability context, and completeness), BSD Consulting concludes that this report fulfils them and notes that:

- The company conducted a materiality analysis and the results were used to define the report content.
- For identification phase, Drummond Ltd. based its information on stakeholders available through different sustainability standards (GRI, Voluntary Principles, UN Guiding Principles, BetterCoal), company's previous reports, corporate policies and benchmark. A direct stakeholder consultation for this reporting period was not performed nor were engaged groups not included in 2014 dialogues.
- For prioritization phase it was considered Drummond Ltd.'s leaders perception who are in charge of relations with key stakeholders (clients, communities, media, suppliers, authorities and environmental NGOs) or with representatives of such groups (1 union member, 1 employee on monthly role, 1 Board member, and 1 member from the Government), whose expectations and interests were reasonably addressed in this report.
- The organization provides a reasonable understanding of the impacts of its material issues and these are properly reported in terms of scope and boundaries.
- The organization's social, environmental and economic performance can be understood within a broader sustainable development

context for the sector, the region and the country.

- The company does not omit relevant information concerning the material issues identified.

Regarding the application of the principles for defining report quality (balance, clarity, comparability, accuracy, timeliness and reliability), BSD also concludes that this memory adheres to them and emphasises that:

- Drummond Ltd. has reported transparently and in a balanced manner unfavorable events such as: the fall in coal's international prices, non-generation of profits during two consecutive periods, operational difficulties and challenges posed by the environment, and the state of human rights cases that have been brought to courts and tribunals.
- Under the same criteria the company is disclosing situations or more favorable facts such as: continue to honor its commitments to stakeholders despite the economic performance of the period; innovation and use of technology to mitigate environmental impacts; better relations and partnerships with public and private actors to address different social problems; the adherence to international human rights standards and obtaining the OSHAS 18001 certification in mine to support the health and safety system at work.
- The company presents clear, accurate, verifiable and comparable information, providing relevant explanations and context where necessary.
- This report is published in the last quarter of 2016, which affects the timeliness principle and prevents the information to be available to the public in a timely manner.

Independent Assurance Statement

Adherence to GRI G4 principles and indicators



BOGOTÁ D.C, October 28th, 2016

Indicators

BSD Consulting assured the contents of the report based on the GRI G4 and the Mining and Metal Sector Disclosures, concluding that:

- Drummond Ltd. reported all general standard disclosures required by the “core” in accordance option (G4-1 to G4-34, and G4-56), as well as additional contents on Corporate Governance and Ethics and Integrity
- The company reports specific basic disclosures according to its materiality analysis. These include the respective DMAs, GRI and own indicators, and Mining and Metals Sector Disclosure’s aspects and indicators.

Furthermore, BSD verified the reliability and quality of the reported information such as:

Material aspect	Associated Indicators
Human Rights	G4-HR9, G4- HR12
Air Quality	G4-EN21
Protection of water resources	G4-EN8, G4-EN10, G4-EN22, G4-EN26
Land protection	G4-EN11, G4-EN12, G4-EN13, G4-EN14, G4-MM1
Impacts on health and environment in coal transportation and logistics	G4-PR1, G4-EN30
Health and safety	G4-LA6, G4-LA7
Relations with unions	G4-MM4

Material aspect	Associated Indicators
Human Resource management	G4-LA1, G4-LA2, G4-LA3, G4-LA9, G4-LA10, G4-LA12, G4-LA13, G4-EC5, G4-EC6
Community relations	G4-SO1, G4-SO2, G4-SO11, G4-EN34, G4-EC7, G4-MM9, G4-MM10
Supplier management	G4-EC9, G4-EN33, G4-LA15, G4-HR11, G4-SO10
Economic impact	G4-EC1, G4-EN31
Innovation	G4-EN27

Of the above, BSD did not evidenced that the information came from unreliable sources or management systems. In cases where it was deemed necessary, BSD asked Drummond to include adjustments both in the the text and in the GRI Index of the report’s final draft.

“In accordance” criteria

In line with the above, BSD Consulting states that Drummond Ltd. Sustainability Report 2015 was prepared according to the GRI guidelines in its G4 version, and meets the criteria for the “core” “In accordance” option. The report contains information, management approaches and indicators of the material aspects as well as the Mining and Metals Sector Disclosures.

Recommendations:

BSD Consulting recommends for future reports:



Independent Assurance Statement

Adherence to GRI G4 principles and indicators



BOGOTÁ D.C., October 28th, 2016

- Strengthen channels of communication with all stakeholders and to conduct regular dialogues, before and after the Sustainability Report preparation.
- Establish specific commitments and goals of engagement with each stakeholder and be accountable for its performance in the report.
- Include performance goals for all indicators reported, so that it is possible to quantify and measure the progress of the company against each every year.
- Start with greater advance the process of preparing the Sustainability Report so that it is available for stakeholders with greater opportunity.
- Consolidate business cases for material issues, demonstrating the benefits or savings achieved by the company due to its proper management.
- To present impact assessments of the social and environmental programs developed.

Marcela Romero Merino
Managing Director
BSD Consulting Colombia

Assurance support:
Ana Isabel Benavides
Consultant - BSD Consulting Colombia



• GRI G4 CONTENT INDEX •



GRI G4 CONTENTS

Drummond Ltd. GRI Content Index			
General Basic Contents			
Contents	Description	Location and/or Comments	External Assurance
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organization, about the relevance of sustainability to the organization.	6	
G4-2	Describe the key impacts, risks and opportunities.	6	
Organizational Profile			
G4-3	Name of the organization.	12	
G4-4	Primary brands, products, and services.	6	
G4-5	Location of the organization's headquarters.	Bogotá, D.C.	
G4-6	Report the number of countries where the organization operates and name the countries where the organization has significant operations.	12	
G4-7	Describe the nature of ownership and its legal form.	Branch of a foreign private company	
G4-8	Report which markets are served (including breakdown by geography, by sector, and types of customers and beneficiaries).	12	
G4-9	Report the scale of the organization (employees, operations, sales, capitalization, products and services provided).	12	
G4-10	Number of employees, by employment contract and gender.	12	
G4-11	Percentage of employees covered by collective bargaining agreements.	During the reporting period, Drummond Ltd. had 75.73% of its employees covered by collective bargaining agreements.	
G4-12	Describe the organization's supply chain.	65	
G4-13	Report all significant changes that took place during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Pablo Urrutia was named Vice President of Communications. Drummond Ltd. did not have any significant changes in terms of size, supply chain or ownership.	
Commitments to External Initiatives			
G4-14	Report how the precautionary principle is addressed by the sector, if applicable.	The company's position on the precautionary principle is to refrain from performing operations that could presumably cause serious risk to public health or the environment, without yet having definitive scientific evidence of that risk. For all other cases, the measures described in Chapter 4.2. Innovation are taken.	
G4-15	Prepare a list of the charters, principles or other external initiatives of an economic, environmental and social nature that the organization has signed or adopted.	36	

Drummond Ltd. GRI Content Index			
General Basic Contents			
Contents	Description	Location and/or Comments	External Assurance
G4-16	Prepare a list of the associations and national or international advocacy organizations to which the organization belongs.	36	
Material Aspects and Boundaries			
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents, and which ones are not covered by the current report.	- Company included in the sustainability report: Drummond Ltd. - Companies not included in the sustainability report: Drummond Coal Mining L.L.C., Transport Services L.L.C., American Port Company, Inc., Coal Resources Colombia Ltda. C.I., Drummond USA, Inc. Note: Section 4.1. Economic Performance, reports on the consolidated information from all of the companies, except the G4-EN31 indicator.	Yes
G4-18	Explain the process for defining the report content and the Aspect Boundaries.	44	Yes
G4-19	Prepare a list of the material aspects identified in the process for defining report content.	47	Yes
G4-20	Indicate the coverage of each material aspect within the organization.	50	Yes
G4-21	Indicate the coverage of each material aspect outside of the organization.	50	Yes
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for them.	The figures from the Financial Statements were restated due to the adoption of the IFRS standards. The adoption of the IFRS standards took place in 2015 and there was a restatement of the Financial Statements for 2014.	Yes
G4-23	Report any significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None for this report	Yes
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	37	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	37	
G4-26	Report the sector's approach to stakeholder engagement.	37	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	37	
Report Profile			
G4-28	Reporting period.	4	
G4-29	Date of most recent previous report.	4	
G4-30	Reporting cycle.	4	
G4-31	Contact point for questions regarding the report or its contents.	5	



Drummond Ltd. GRI Content Index			
General Basic Contents			
Contents	Description	Location and/or Comments	External Assurance
G4-32	Report the 'in accordance' option the sector has chosen.	4	
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	5	
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body.	28	
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	29	
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics.	28	
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	28	
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all Material Aspects are covered.	5	
G4-49	Report the process for communicating critical concerns to the highest governance body.	29	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	29	
Ethics and Integrity			
G4-56	Describe the sector's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	29	
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	30	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	30	

The GRI indicators will be presented by Drummond Ltd. Material Aspect, using the following table.

Drummond Ltd. Material aspect	GRI Material aspect	Indicator reported
Economic Impact	Economic performance	G4-EC1
	General (environmental expenses)	G4-EN31
	Public policy	G4-SO6
Financial Viability of Projects	N/A	Not defined
Innovation	Products and services	G4-EN27
Supplier Management	Environmental assessment of suppliers	G4-EN32, G4-EN33
	Evaluation of suppliers' labor practices	G4-LA14, G4-LA15
	Evaluation of suppliers in terms of human rights	G4-HR10, G4-HR11
	Evaluation of the social repercussions of suppliers	G4-SO9, G4-SO10
	Procurement practices	G4-EC9
Managing Human Talent	Employment	G4-LA1, G4-LA2, G4-LA3
	Market Presence	G4-EC5, G4-EC6
	Training and education	G4-LA9, G4-LA10, G4-LA11
	Diversity and equal opportunities	G4-LA12
	Equal pay for men and women	G4-LA13
Workplace Health and Safety	Workplace health and safety	G4-LA5, G4-LA6, G4-LA7, G4-LA8
Labor Relations	Relations between workers and management	G4-LA4, G4-MM4
	Complaint mechanisms regarding labor practices	G4-LA16
Managing Local Communities	Local communities	G4-SO1, G4-SO2, G4-MM6, G4-MM7
	Social complaint mechanisms	G4-SO11
	Environmental complaint mechanisms	G4-EN34
	Indirect economic consequences	G4-EC7, G4-EC8
	Resettlement	G4-MM9
	Closure planning	G4-MM10
Human Rights	Investment	G4-HR1, G4-HR2
	Non-discrimination	G4-HR3
	Freedom of association and collective bargaining	G4-HR4
	Child labor	G4-HR5
	Forced labor	G4-HR6
	Safety measures	G4-HR7
	Rights of the indigenous population	G4-HR8, G4-MM5
	Evaluation	G4-HR9
Protecting Water Resources	Water	G4-EN8, G4-EN9, G4-EN10
	Effluents and waste (partial water)	G4-EN22, G4-EN26
Air Quality	Emissions (partial non-GEI)	G4-EN21
Protecting the Land	Biodiversity	G4-EN11, G4-EN12, G4-EN13, G4-EN14, G4-MM1, G4-MM2
Impact on Health and the Environment in Coal Logistics and Transportation	Transportation	G4-EN30
	Customer health and safety	G4-PR1



GRI Content Index Drummond Ltd.				
Specific Contents				
Indicator	Description	Location and/or comments	Omissions	External Assurance
Economic Impact				
DMA	DMA Management Approach.	54		
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee wages, donations and other community investments, economic value retained and payments to providers of capital and to government.	55		Yes
G4-EN31	Report total environmental protection expenditures and investments.	56		Yes
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	Drummond Ltd. does not make contributions to political parties.		
Financial Feasibility of Projects				
DMA	DMA Management Approach.	58		
Innovation				
DMA	DMA Management Approach.	58		
G4-EN27	Mitigation of environmental impacts of products and services.	60		Yes
Supplier Management				
DMA	DMA Management Approach.	63		Yes
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	In all, 141 new suppliers were registered in 2015. During the preliminary registration of a supplier, there is no evaluation based on environmental criteria. The evaluations are made solely based on safety.		
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	69		Yes
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	In all, 141 new suppliers were registered in 2015. During the preliminary registration of a supplier, there is no evaluation based on environmental criteria. The evaluations are made solely based on safety.		
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	69		Yes
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	In all, 141 new suppliers were registered in 2015. During the preliminary registration of a supplier, there is no evaluation based on environmental criteria. The evaluations are made solely based on safety.		
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	69		Yes
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	In all, 141 new suppliers were registered in 2015. During the preliminary registration of a supplier, there is no evaluation based on environmental criteria. The evaluations are made solely based on safety.		
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	69		Yes
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	66		Yes
Managing Resource Management				
DMA	DMA Management Approach.	72		Yes
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	73		Yes

GRI Content Index Drummond Ltd.				
Specific Contents				
Indicator	Description	Location and/or comments	Omissions	External Assurance
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	77		Yes
G4-LA3	Return to work and retention rates after parental leave, by gender.	76		Yes
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	77		Yes
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	78		Yes
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	80		Yes
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	79		Yes
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	80	Partially reported: only salaried employees are considered, whose performance is assessed regularly. Hourly employees receive regular feedback from their leader.	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	75	Partially reported: the information from the entire workforce is broken down, omitting information from the organization's governance bodies.	Yes
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	78		Yes
Workplace Health and Safety				
DMA	DMA Management Approach.	82		Yes
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	100% of workers are represented on formal health and safety committees.		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	84		Yes
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	90		Yes
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	15% of the articles of the current collective bargaining agreement cover formal health and safety agreements. This 15% ensures coverage of 100% of all aspects of health and safety.		
Labor Relations				
DMA	DMA Management Approach.	92		Yes
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	92		



GRI Content Index Drummond Ltd.

Specific Contents

Indicator	Description	Location and/or comments	Omissions	External Assurance
G4-MM4	Number of strikes and lock-outs exceeding one week's duration, by country.	During 2015, there were no strikes or work stoppages.		Yes
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	93		
Managing Local Communities				
DMA	DMA Management Approach.	106		Yes
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	107		Yes
G4-SO2	Operations with significant actual or potential negative impacts on local communities.	118		Yes
G4-MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.	During 2015, there were no disputes with local communities or indigenous populations associated with the use of land or resources.		
G4-MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and their outcomes.	118		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	119		Yes
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	119		Yes
G4-EC7	Development and impact of infrastructure investments and services supported.	115		Yes
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	118		
G4-MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.	Drummond's operations are considered large-scale, so artisanal or small-scale mining activities do not take place at the company's facilities or nearby.		
G4-MM9	Number of communities with resettlements, the number of households resettled in each, and how their livelihoods were affected in the process.	109		Yes
G4-MM10	Number and percentage of operations with closure plans.	119		Yes
Human Rights				
DMA	DMA Management Approach.	94		Yes
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	98		
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	96	Partial Reported: The Company does not report a percentage of employees trained in Human Rights.	
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	During 2015, there were no cases of discrimination.		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	99		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	100		

GRI Content Index Drummond Ltd.				
Specific Contents				
Indicator	Description	Location and/or comments	Omissions	External Assurance
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	102		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	96		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	Drummond's operations are not performed in areas with the indigenous presence, so there have been no violations of this population's human rights.		
G4-MM5	Total number of operations taking place in or adjacent to indigenous people's territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities.	Drummond's operations are not performed in areas with the indigenous presence, so there have been no violations of this population's human rights.		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	94		Yes
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	104		Yes
Protection of Water Resources				
DMA	DMA Management Approach.	124		Yes
G4-EN8	Total water withdrawal by source.	125		Yes
G4-EN9	Water sources significantly affected by withdrawal of water.	<p>For the Pribbenow Mine project, the only surface water source granted in concession to capture water is the Paujil Reservoir, where the authorized flow rate is between 250 l/s and 600 l/s; the first flow rate is the maximum amount that can be withdrawn during rainy periods and the second is available for the dry season; analyzing the maximum amounts withdrawn for the months between December-March (dry period) and April-November (rainy period), the approximate amounts were 110 l/s and 80 l/s, respectively, so the withdrawals did not reach the limits set by the environmental authorities. Additionally, the port operation captures surface water in the lower basin of the Toribio River; in this area, the communities settled in the upper and middle basins have already taken the water needed to meet their needs from this water source, and additionally, in 2015 the company only withdrew 8% of the maximum flow granted in concession by the environmental authorities.</p> <p>Given the above, it can be concluded that the company did not have a significant impact on these bodies of water.</p>		
G4-EN10	Percentage and total volume of water recycled and reused.	126		Yes
G4-EN22	Total water discharge by quality and destination.	127		Yes
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	129		Yes
Air Quality				
DMA	DMA Management Approach.	132		Yes
G4-EN21	NOx, SOx, and other significant air emissions.	132		Yes



GRI Content Index Drummond Ltd.				
Specific Contents				
Indicator	Description	Location and/or comments	Omissions	External Assurance
Protection of Land				
DMA	DMA Management Approach.	137		Yes
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	139		
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	139		
G4-EN13	Habitats protected or restored.	141		Yes
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	140		
G4-MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitate.	142		Yes
G4-MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	To date, neither the Mining nor the Port operations have requested a Biodiversity Management Plan (BMP), although recovery and compensation activities are included in the environmental management plans.		
Impact on health and the environment in coal logistics and transportation				
DMA	DMA Management Approach.	144		Yes
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	146		Yes
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	146		Yes
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	In 2015, there were no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of the products and services during their life cycle; accordingly, no fines or penalties were generated.		
Disclosure of regulatory issues¹⁹				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	In 2015, Drummond Ltd. had no fines for events that occurred during the reporting period.		

19. This aspect is not material; however, Drummond Ltd. discloses the G4-29 indicator because it is a critical issue in the company's environmental management.