

Sustainability *Report*

18



Sustainability report 2018

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We are grateful to all the women leaders and entrepreneurs in our communities of Cesar and Magdalena who appear in these pages, and all the operations and maintenance personnel at our mining and port operations. You are examples of leadership, entrepreneurialism, hard work, and effort. May your commitment and energy continue to contribute to Drummond's responsible mining that is good for everyone.

WRITTEN BY

Drummond Ltd. Colombia

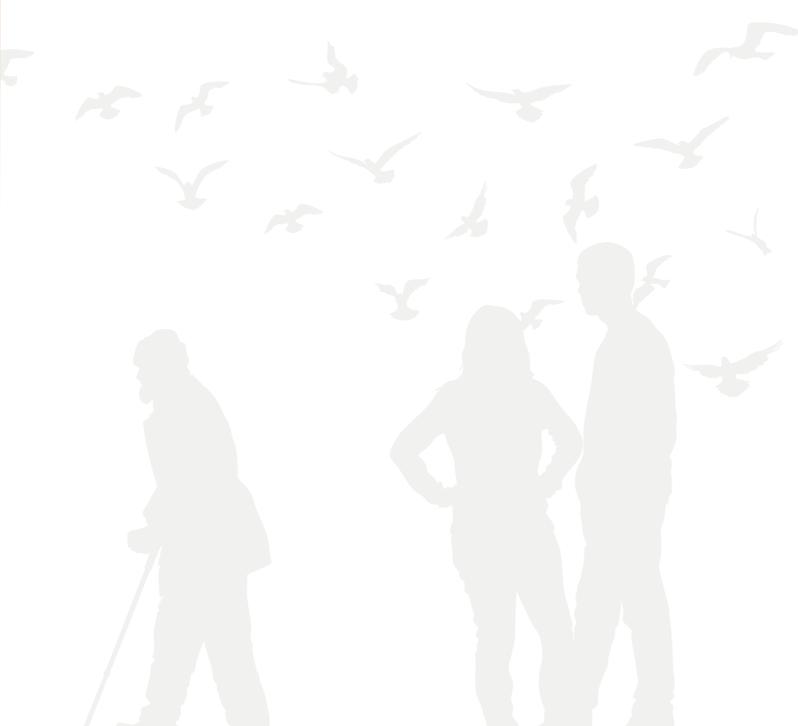
PHOTOGRAPHY

Drummond Ltd. Colombia

GOOD;)
Communication for
Sustainable Development

EDITING AND PUBLICATION

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Sustainability

Report

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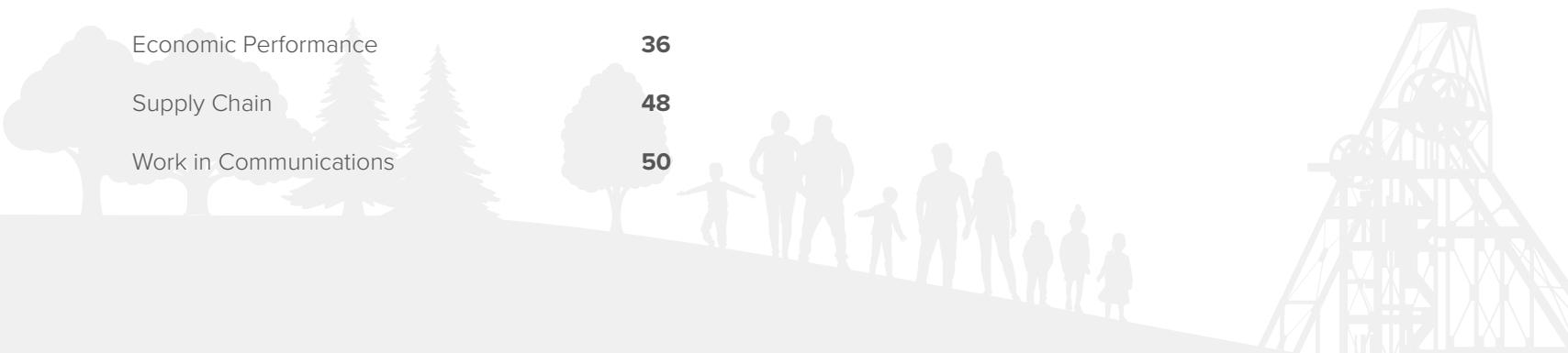
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DRUMMOND LTD.
COLOMBIA





Our ⁷ company

Drummond Ltd. is a mining company that operates solely in Colombia. We are a privately-owned branch of a foreign company, owned 80% by Drummond Company, Inc. and 20% by ITOCHU Coal Americas Inc. Our main office is in Bogotá D.C., and our parent company is located in Alabama in the United States.



- [102-1]
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Our Operations include:



Distribution of our operations:



Exploration and extraction*

La Loma

El Descanso

*Our mining is concentrated in the department of Cesar. The Rincón Hondo, Similoa and Cerrolargo projects have not yet begun operations.



Transportation

13 trains

From the mining operations to Puerto Drummond

The railway lines in the mining operations connect with the national railway corridor



Export

Puerto Drummond

Capability to export 60 million metric tons of coal per year

Our coal powers the world's main thermal power stations in:



Our figures

US\$

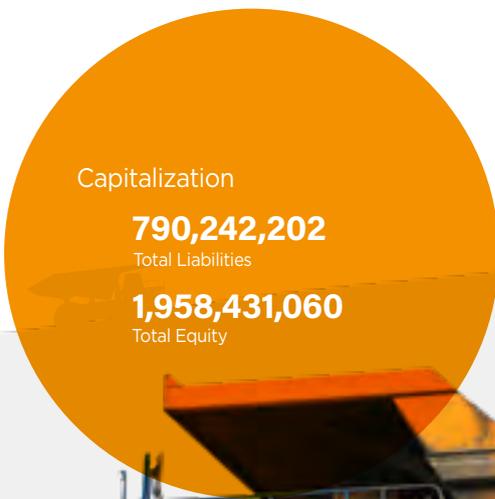
[102-7]

Total Assets
2,748,673,261

Income from exports
2,196,382,517

Sales and operating costs
1,925,278,539

Metric tons of coal exported
31,463,289





[102-8]

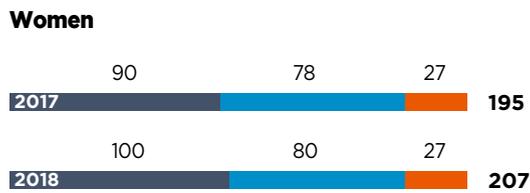
Total number of employees 2018



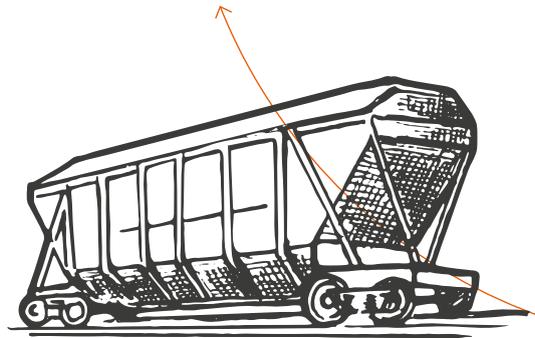
[102-8]

Drummond Ltd. Workers

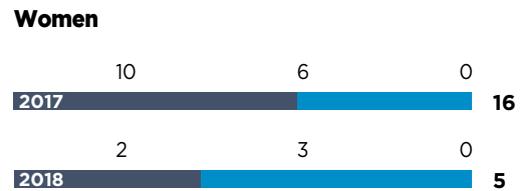
Graph 1. Direct employees



- Mining operation and Valledupar
- Port operation - Cartagena
- Bogotá

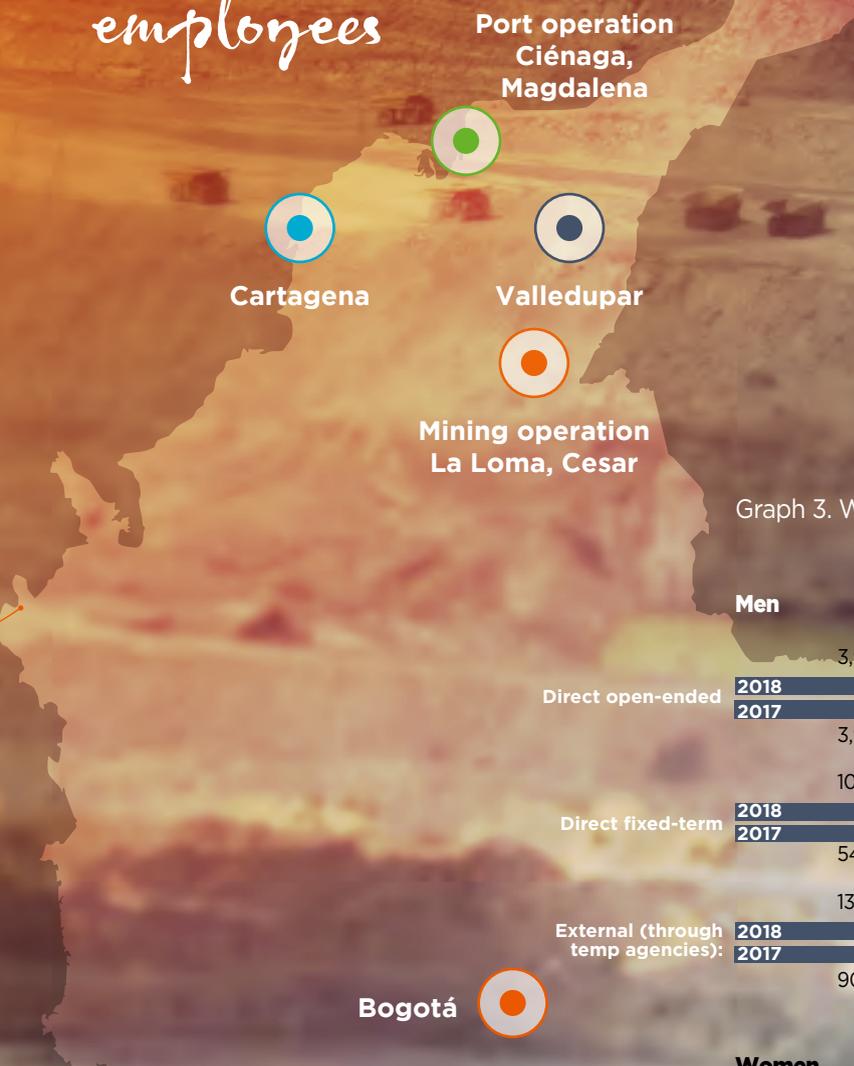


Graph 2. External workers (contracted through temporary agencies)

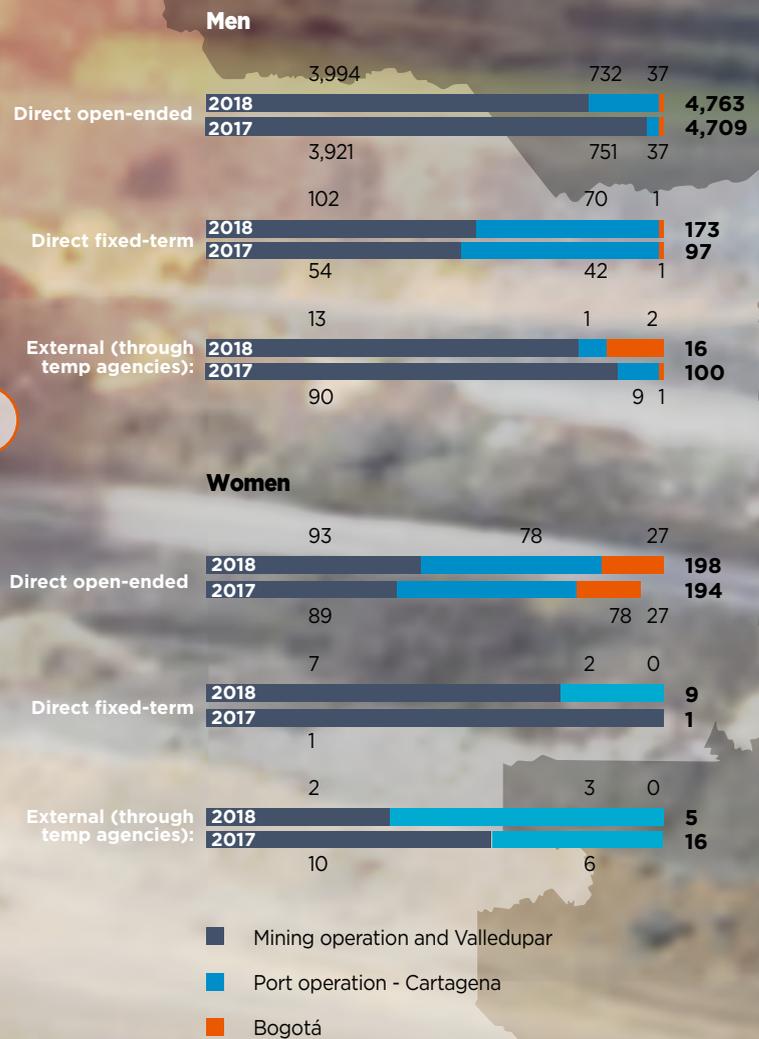


- Mining operation and Valledupar
- Port operation - Cartagena
- Bogotá

General information about our employees



Graph 3. Workers by type of contract





Achievements 2018

31.5

million tons exported.

Third

consecutive year as the company with the largest volume of coal exports in Colombia.

Second

place in overall reputation in the Colombian mining sector.

US\$ 387.5

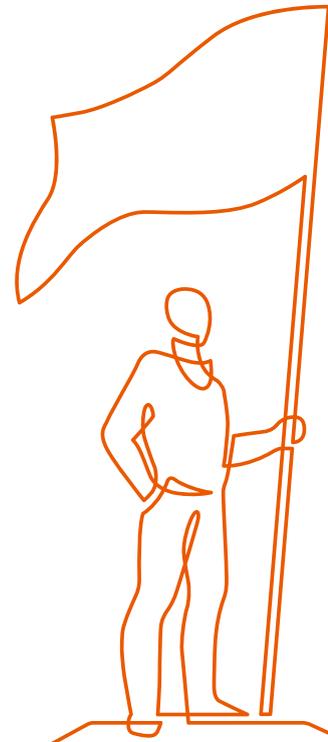
million in royalties and compensations paid to the national government.

US\$ 236.2

million in taxes, fees and contributions.

Since the beginning of our operations in the year 1994 we have mined **440.3 million** tons of coal, and paid **US\$3.4 billion** in royalties and compensations and **US\$2.4 billion** in taxes, fees and contributions, for a grand total of

US\$ 5.8 billion.



Commercial relations with **1,040 suppliers** with total invoicing in the amount of

US\$ 1,213,394,000

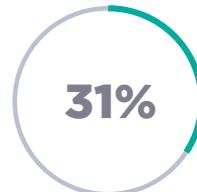
930 suppliers (**89%**) are domestic, with total invoicing of **US\$ 847,913,000 (70%)**.

Out of the domestic suppliers, **31%** are from the Caribbean region and their invoicing represented **US\$ 262,753,000**.



89%

Domestic suppliers



31%

of all invoicing is from local companies



9%

increase in invoicing from local suppliers

Human talent:

10,178

Jobs (**5,143** direct employees – **5,035** with contractors).

103

Direct employees benefiting from college scholarships.

55

People receiving In House Training, of a total of **712** who have completed the program.

24

Professionals in training.

10

Sustainable Development Goals prioritized.



100%

Of security personnel have received human rights training.



As a member of the Working Group on Human Rights and Coal, we backed a joint declaration rejecting threats against people's lives and integrity.



We have voluntarily signed, or base our actions, on the following initiatives:



Working Group on Human Rights and Coal



of direct employees covered by extralegal benefits.



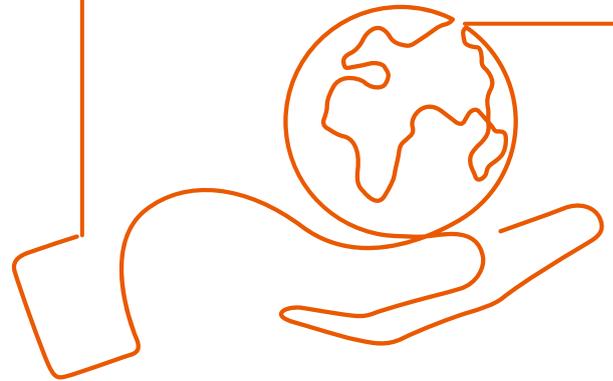
Recertification of the Management System in accordance with OHSAS standard 18001:2007



Emerald Cross of Merit Medal in the category of Excellence for the operations of the Transportation Department (Railroad).



Reduction to under 0.5 of the risk index (RI) for occupational exposure to crystalline silica.



With an investment of
US\$ 2,290,718.76

we brought benefits to more than **1,362,485** people in the direct area of influence of our operations.

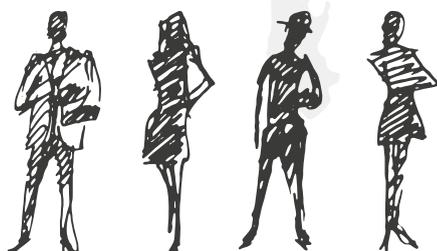
We have the country's largest fleet of water tank trucks per production unit, **with the greatest capacity for spraying.**

In our role as a good neighbor, we executed more than **30 projects in 11 municipalities in the area of influence in Cesar and Magdalena.**

We fulfilled the dream of going to college for **130 high school** graduates from public schools in Cesar and Magdalena.



In 2018, our Plan for Efficient Use and Savings of Water produced a **54.8% decrease over the year 2017 in use from natural sources** by means of recycling rainwater stored at the mining complex.



The budget resources allocated to air quality management in our mining projects in 2018 totaled

US\$ 15,458,044.37

with another **US\$ 70,524.97** for the port project.

We released

494

wild animals through our wildlife protection program.

In 2018, we initiated the

recovery process for more than **150 ha** of intervened areas.

We planted around

60,000

trees from **30 native species.**

We signed a Resettlement Action Plan -RAP with the community of El Hatillo in El Paso, Cesar.

We employed **140 people** from the resettlement communities either directly or through contractors.





[102-32]

[102-50]

[102-51]

[102-52]

[102-56]

Report profile

[102-54] THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE GRI STANDARDS: CORE OPTION, BY THE VICE PRESIDENT OF CORPORATE SOCIAL RESPONSIBILITY AND RISK MANAGEMENT AND THE VICE PRESIDENT OF PUBLIC AFFAIRS AND COMMUNICATIONS. IT WAS VALIDATED BY THE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE TO GUARANTEE THAT ALL MATERIAL ASPECTS ARE COVERED.

We have been sharing an annual management report with our stakeholders since the year 2012. Following the most recent report in 2017, and for the sixth consecutive year, we are providing information about our company's economic, social, and environmental performance for the period from January 1 to December 31 of the year 2018.

In order to ensure the reliability and accuracy of the information published for our stakeholders, the Board of Directors and our high-level management decided to hire BSD Consulting for outside verification of the report content. The scope and the conclusions of this verification process can be found in the External Assurance

Statement, located in the appendices of this report.

The content of this report was defined based on the Materiality Analysis updated in 2018, which identified the most relevant issues of our company's work in sustainability. This report provides details on our work in each material aspect, as well as the contribution made by those aspects to achieving the Sustainable Development Goals through our Corporate Social Responsibility Strategy.

Our Sustainability Report 2018 has a new content structure. The goal of this change is to integrate our social responsibility strategy with the company's materiality in order to highlight the work done in the four areas of our CSR:

[102-53]

In the case of any comment, suggestion, or question about our sustainability report, please contact:

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Vice President of Corporate Social Responsibility and Resettlement

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This report is divided into two parts. The first, called “Our Company,” provides an overview of the operation, governance structure, economic performance and work in compliance. The second, called, **“Our Vision of Sustainability,”** reports on our work in the material aspects, how we generate a positive impact on our communities in the area of influence, and the way we work to make Drummond Ltd. a world-class operation.



Message from the CEO

Mike Tracy - CEO Drummond Company Inc.

THIS REPORT IS AN OPPORTUNITY FOR DRUMMOND LTD. TO SHARE THE PROGRESS IT HAS MADE IN 2018 TOWARD ITS GOALS AND IN ITS COMMITMENT TO GIVE COLOMBIA A TYPE OF MINING THAT BRINGS SOCIAL, ECONOMIC, AND ENVIRONMENTAL DEVELOPMENT. THIS YEAR'S SUSTAINABILITY REPORT WAS PREPARED FOR THE SIXTH YEAR IN A ROW IN ACCORDANCE WITH THE GUIDELINES ESTABLISHED BY THE GLOBAL REPORTING INITIATIVE (GRI), AND IT WAS VERIFIED BY BSD CONSULTING.

As the largest coal producer and an industry leader, we have been and will continue to be committed to promoting social, economic, and environmental development and to practicing ethical and transparent corporate activities that always respect the human rights of every individual. This Sustainability Report is a testimony to our convictions.

Throughout the year, we have been able to share with our stakeholders the benefits produced by the success of our business, building and strengthening the local communities.

With an emphasis on the four pillars of our corporate social responsibility policy, we have provided tools and processes that foster a fair and tolerant

society that lives in peace. Through transparent planning and efficient management, our team has ensured world-class environmental performance for Drummond Ltd., while producing prosperity for both our employees and their families and also for the communities in our area of influence.

We recognize our role in society as an agent for change and improvement, and we are convinced that Corporate Social Responsibility is an essential tool for making any business viable. For that reason, since 2017, we have incorporated the United Nations Sustainable Development Goals (SDG) into our own strategy. The reality is that Drummond Ltd. has always contributed actively to closing gaps in the country by



promoting quality education, creating a significant number of jobs, contributing to economic growth, creating environments of peace and justice, and building solid institutions.

With a dynamic market and a product for which there is demand around the world, the export destinations for Colombian coal shifted in 2018 toward Asian countries, which now represent a significant percentage of the purchases of this mineral. The ability to export our coal all over the world pays tribute to the efforts of Drummond Ltd. and the Colombian coal industry to show the world that Colombia

engages in **responsible mining** and voluntarily adopts international standards in order to improve its performance.

In 2018, Drummond Company renewed its long-term commitment to Colombia, to the coal industry, and to all of its stakeholders. The following pages present a detailed report on our contributions to the country's economic, social, and environmental development in an exercise of transparency and responsibility we see as fundamental for our company.

Thank you for this great opportunity.

In 2018, Drummond Company renewed its long-term commitment to Colombia, to the coal industry, and to all its stakeholders.





[102-14]

[102-15]

Message from the President

José Miguel Linares – President of Drummond Ltd.

IT'S A PRIVILEGE FOR US TO HAVE THIS OPPORTUNITY TO PRESENT TO OUR STAKEHOLDERS HOW RESPONSIBLE MINING CONTRIBUTES VALUE TO REGIONS, COMMUNITIES, AND THE COLOMBIAN STATE, AND TO ALSO SHARE THE CHALLENGES WE FACED IN 2018 AS AN ORGANIZATION IN EACH OF THE GOALS WE SET.

Before telling you about our achievements, I would like to give special attention to something we have set out to highlight in our Sustainability Report 2018. And that is the leadership of women in the region: women leaders, entrepreneurs, workers, and participants in responsible mining from their workplaces, homes, and communities. Women who actively contribute to our work, seeing it as an opportunity to prosper and improve the quality of their lives and that of their families.

They are a part of who we are. They accompany us on the following pages, because, through their daily lives and work, they lead out as women in Cesar and Magdalena. They are committed women who are full of energy. They are catalysts for change and multipliers of skills in the regions we have been strengthening for more than 30 years in order to spur development that goes beyond mining.

And now, turning to our achievements, using our corporate

strategy as a reference with its three pillars - economic, social, and environmental - allow me to quickly point out our main performance milestones in 2018, as a reflection of our commitment to continuous improvement.

In terms of economic development, by the close of 2018 we had mined 30.8 million tons of coal. That amount of coal represents payments in royalties and compensations in favor of the national government in the amount of US\$ 387.5 million, and over US\$ 236 million in taxes, fees and contributions. Our operation also helped businesses progress in the area of influence and in the rest of the country. With 930 domestic suppliers, 448 of them from the Caribbean region, in 2018 we purchased more than US\$848 million in supplies and services.

Relative to human talent and our commitment to occupational health and safety, we want to highlight that in 2018, with the In House Training program, we trained 55 people born in the

With this Sustainability Report 2018, we want to shine a spotlight on women's leadership in the region: women who are leaders, entrepreneurs, workers, and participants in this responsible mining we do.



mining municipalities to drive trucks, bulldozers, and loaders. In addition, 24 professionals began their training to become future leaders of the operation. Also noteworthy, we were recertified under the OHSAS 18001:2007 standard for occupational health and safety in the El Descanso and Pribbenow mines, while the Transportation Department received the Emerald Cross of Merit Medal in the category of Excellence for its commitment to occupational health and safety.

In the area of due diligence in human rights, in 2018 the company participated actively in the “Working Group on Human Rights and Coal.” The group brings together other mining companies, the Presidential Human Rights Advisor, the Ministry of Mines and Energy and the National Mining Agency. We also integrated human rights issues into our safety culture, so the human rights strategy cuts across all of our work.

In terms of social investment, our top commitment continues

to be generating local skills in the area of influence, optimizing dialogue between Drummond and the community and staying in constant touch with people, social organizations and government institutions. Because of that, we put great effort into strengthening communities and institutions and into peace-building and reintegration. That’s why in 2018 we contributed US\$2,290 million for education and culture, recreation and sports, children’s health and nutrition, maintenance of physical and highway infrastructure, productive development, and strengthening institutions.

In the following pages, you will find the main achievements of our work in the area of the environment, administering water resources, controlling air quality, and protecting biodiversity. In the area of environmental compensations, we are happy to announce that we began the process to restore more than 150 hectares of areas intervened for waste rock dumps or the diversion

of watercourses, planting around 60,000 trees made up of 30 different native species. We also released 494 wild animals in our areas set aside for protecting and restoring natural ecosystems.

Despite the challenges faced by the industry in Colombia and the fluctuations of the international coal market, these excellent results confirm what each of our 10,000 direct and indirect employees and their families, our contractors, and suppliers want to say to the country: that we are deeply proud of being miners.

That is what we are, and we want to show the world the responsible mining we do in Colombia. We want to demonstrate how we have made our operation responsible toward the environment, the communities, and the workers. Today at Drummond Ltd. we remain fully convinced that this mining generates wealth for everyone and builds the nation. Thank you for accompanying us on this path.



Corporate strategy

OUR GOAL IS TO OFFER HIGH-QUALITY COAL TO OUR MANY CLIENTS AROUND THE WORLD, STAY COMPETITIVE, AND DEVELOP PRODUCTS AND SERVICES THAT RESPOND WELL TO AN INCREASINGLY DEMANDING MARKET. WE WILL DO THIS UNDER AN ECONOMICALLY, SOCIALLY, AND ENVIRONMENTALLY SUSTAINABLE OPERATION, WITH SAFE PROCESSES THAT ALLOW US TO PROTECT THE SURROUNDING AREAS AND THE LIVES AND HEALTH OF OUR EMPLOYEES, CONTRACTORS, VISITORS, AND COMMUNITIES.



Quality Coal:
offer coal with high calorific value and low moisture content, ash, and sulfur

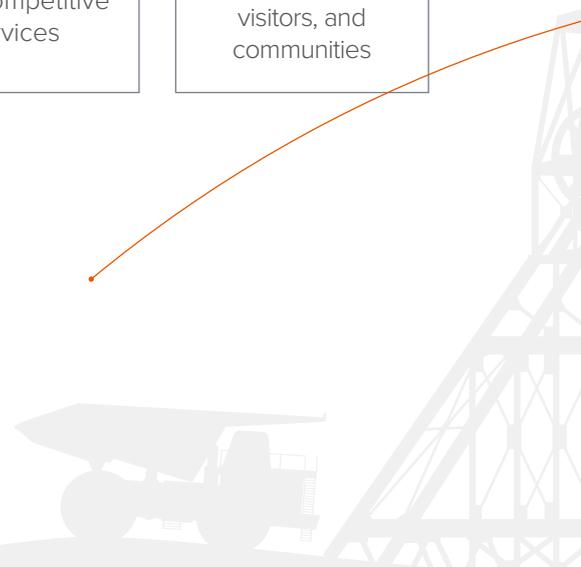


Product development:
diversify products and offer competitive services



Safe processes:
protect our environment and the health and lives of our employees, contractors, visitors, and communities

In each project, at every level of our company, and in any interaction with the environment, we consider the impact generated by our operations. Our company's corporate strategy has three strategic pillars:



Pillar 1: Economic

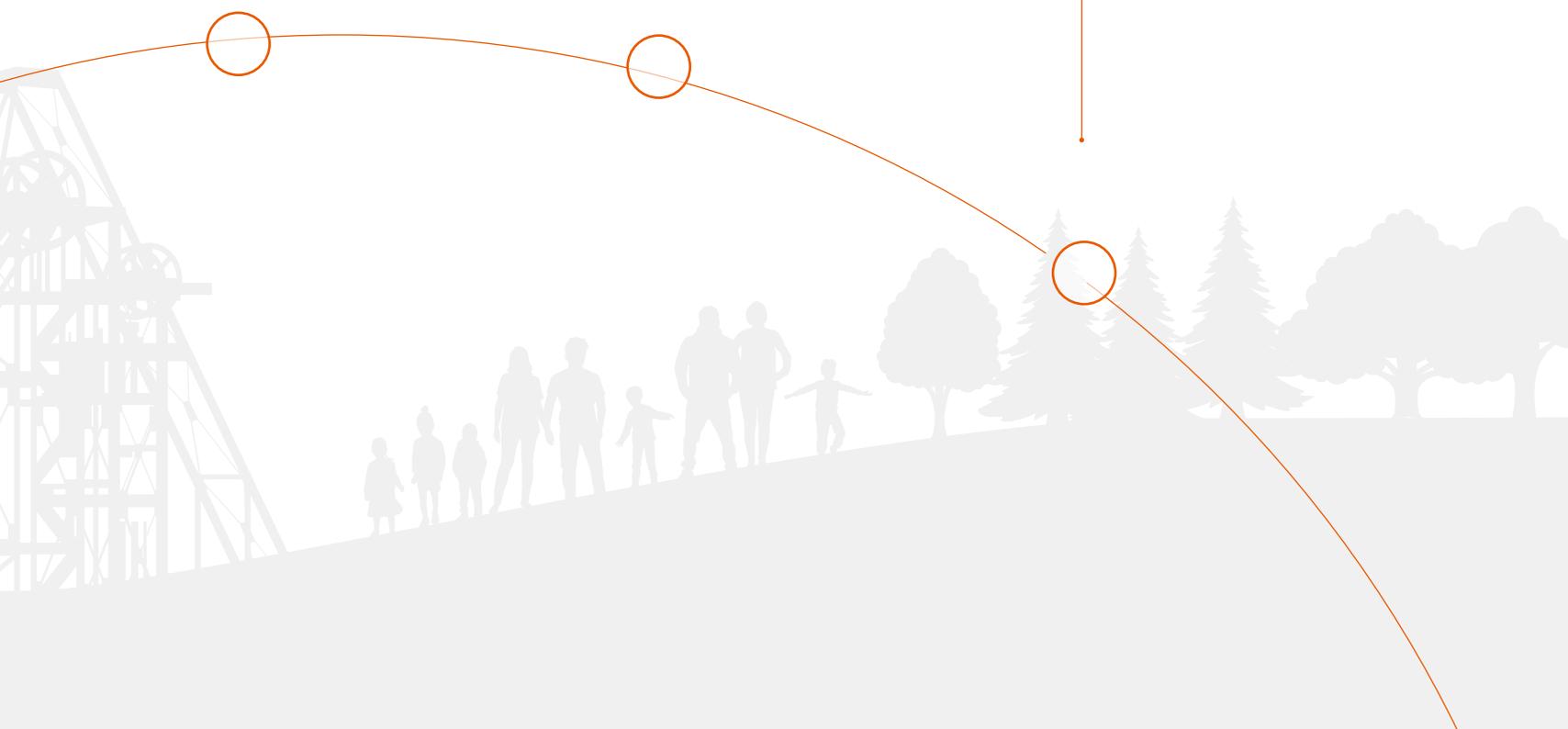
- Incorporate sustainability strategies into our mining operations, in accordance with market and technological evolution.
- Maximize recovery of reserves at a competitive cost, to maintain the dynamism of local economies.
- Run the operation according to the highest standards in the industry.

Pillar 2: Social

- Contribute to the economic and social development of Colombia and the region, going above and beyond legal compliance.
- Work in cooperation with local governments, implementing programs for the development and benefit of our communities.
- Ensure the well-being of our employees, offering them, in addition to their salary, a good working environment and the conditions necessary to do their work comfortably, efficiently, and safely.

Pillar 3: Environmental

- Control, mitigate, and compensate the impacts of the mining throughout the entire value chain.
- Adopt the highest standards for environmental practices to protect the environment.





IN ORDER TO MEET THESE COMMITMENTS, WE HAVE THE FOLLOWING POLICIES, CODES, MANUALS, AND OTHER DOCUMENTS THAT SUPPORT AND GUIDE US AS WE SEEK TO MEET OUR COMMITMENT TO SUSTAINABILITY:

Drummond Ltd.'s Comprehensive Policy: our general guidelines for the work

<http://www.drummondLtd.com/wp-content/uploads/Health-and-Safety-policy-2018.pdf>

Corporate Social Responsibility Policy: establishes our company's commitment to having a positive impact on our stakeholders and contributing to sustainable development.

<http://www.drummondLtd.com/wp-content/uploads/20180117-CSR-Estrategia-Eng.pdf>

Community Attention Policy: establishes mechanisms for facilitating and promoting continuous improvement in relationships with the inhabitants of towns located in our areas of influence.

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

Human Rights Policy: establishes respect and promotion of human rights at our company.

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

Environmental Sustainability Policy: establishes our commitment to environmental legislation, and to continuously evaluating and reducing potential impacts on this resource.

<http://www.drummondLtd.com/wp-content/uploads/Environmental-Sustainability.pdf>

Occupational Health, Safety and Environment Policy: outlines the work to take care of health, safety, and the environment, as key to all our operations.

<http://www.drummondLtd.com/wp-content/uploads/Health-and-Safety-policy-2018.pdf>

Training Programs: education and training opportunities for our employees and for the communities in our areas of influence.

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

Human Resources Policy: encompasses the labor rights respected and recognized in Colombia.

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

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

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



Code of Conduct and Compliance Manual: establishes ethical guidelines for our employees and our stakeholders based on the principles of honesty and integrity.

<http://www.drummondLtd.com/wp-content/uploads/Code-of-Conduct-approved-RM.pdf>

<http://www.drummondLtd.com/wp-content/uploads/Compliance-Manual-1.pdf>

Anti-Bribery and Corruption Policy: establishes a commitment to abiding by applicable laws and regulations, engaging in operations honestly and ethically.

<http://www.drummondLtd.com/wp-content/uploads/POLICY-AGAINST-BRIBERY-AND-CORRUPTION-signed.docx.pdf>

Salary Policy: provides the guidelines for attracting, motivating, and retaining talent that will contribute to the organizational objectives.

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

Conflict of Interest Policy: offers guidelines for avoiding and resolving this type of conflict.

<http://www.drummondLtd.com/wp-content/uploads/CONFLICTS-OF-INTEREST-AT-DTLD-signed.pdf>

Communications Policy: describes the guidelines for communications generated by our company.

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

Resettlement Policy: contains the procedures our company must follow in resettlement situations, always contributing to the sustainable development of the communities in our areas of influence.

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

Energy Policy: outlines the initiatives that foment efficiency in power consumption in our operations.

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

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

<http://www.drummondLtd.com/wp-content/uploads/Water-Conservation.pdf>



[102-18]

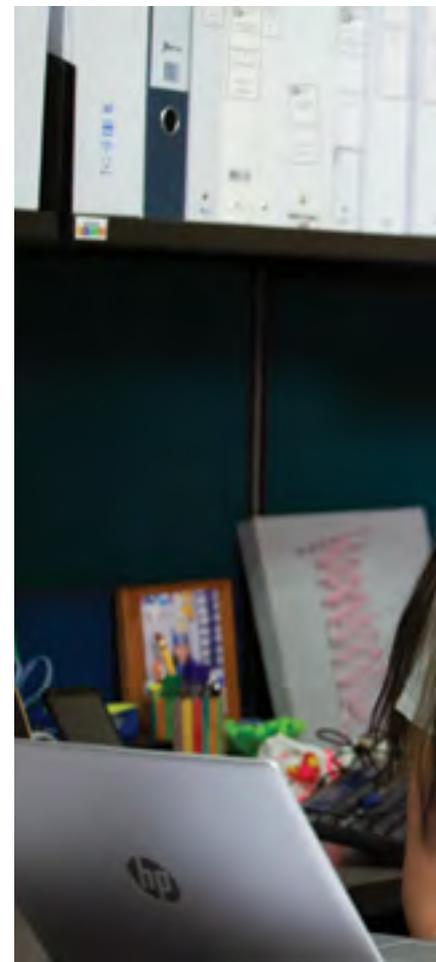
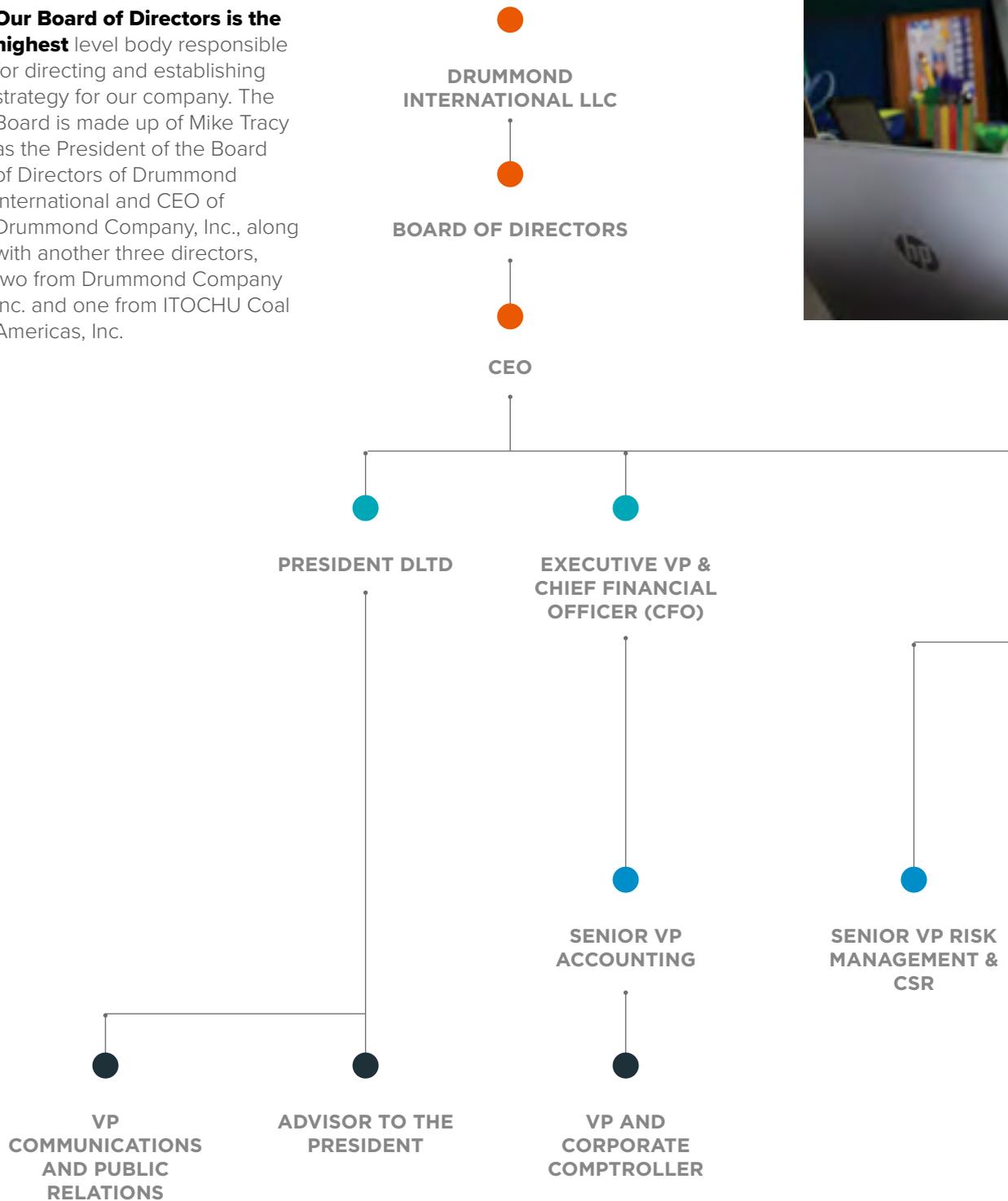
[102-20]

[102-26]

Governance structure

Board of Directors

Our Board of Directors is the highest level body responsible for directing and establishing strategy for our company. The Board is made up of Mike Tracy as the President of the Board of Directors of Drummond International and CEO of Drummond Company, Inc., along with another three directors, two from Drummond Company Inc. and one from ITOCHU Coal Americas, Inc.





Committees

[102-19]

[102-33]

The Board of Directors has an Executive Management Committee, whose function is to approve major investments in our operations. At the managerial level, we have the following committees:

SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

Guides our organization toward a sustainable development model.

COMMUNICATIONS COMMITTEE

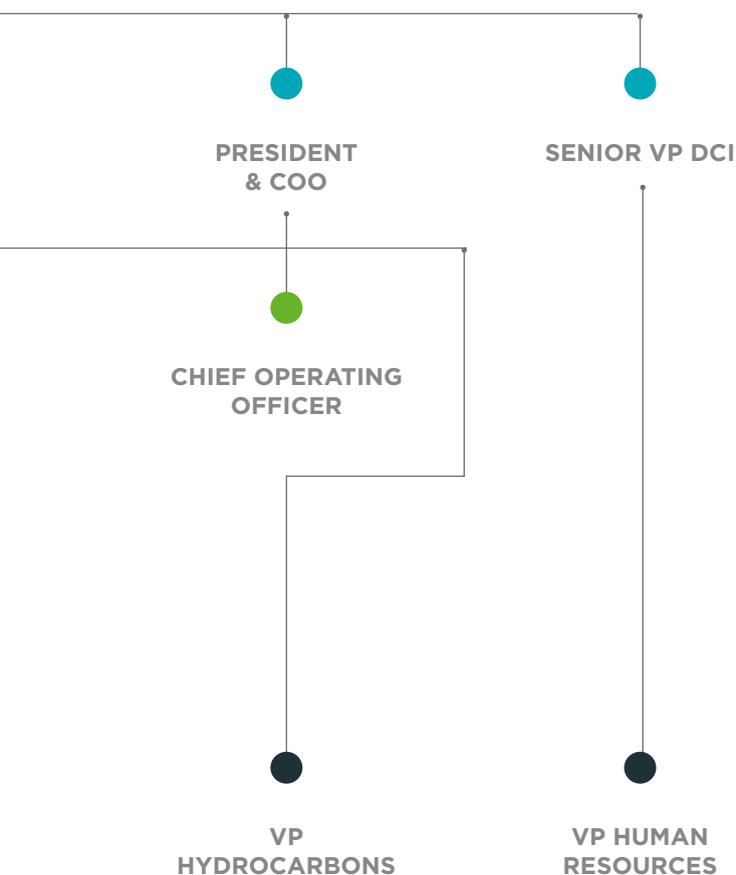
Promotes and facilitates access to information by our stakeholders and an exchange of information with them.

AUDIT COMMITTEE

Reviews and monitors the effectiveness of our internal controls.

ETHICS COMMITTEE

Reviews compliance with our Code of Conduct and the policies that support our Business Ethics Program.



- Our committees transmit information and alerts having to do with economic, environmental, and social issues to the President of Drummond Company Inc. and to the President of Drummond Ltd.
- They then communicate directly with the CEO and President of the Board of Directors, who inform the other Board members in order to evaluate situations and make decisions.



[102-34]

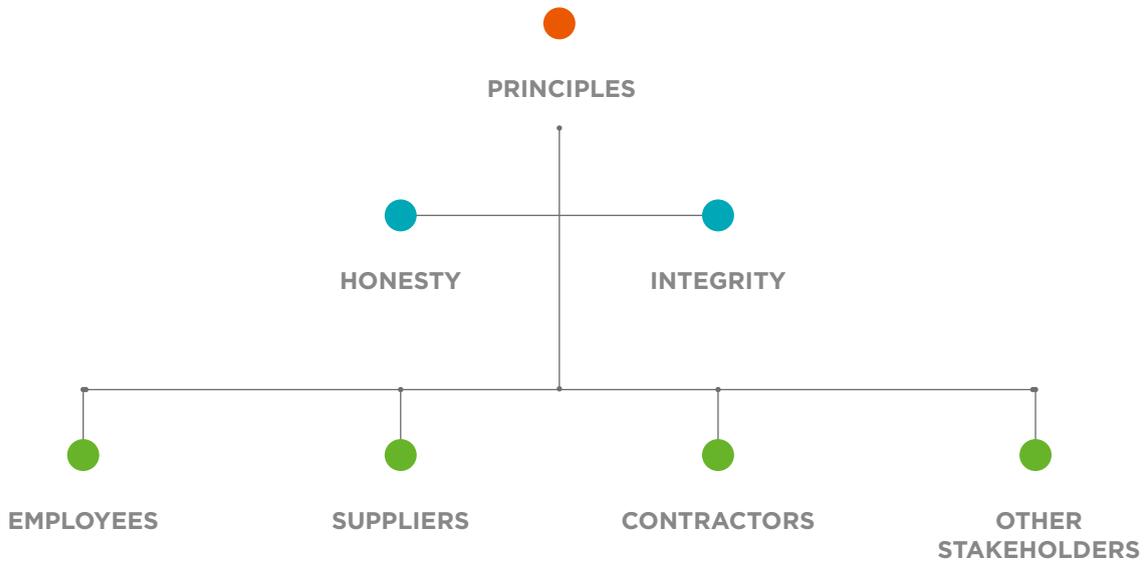
In summary, the critical concerns transmitted to our Board of Directors fall into the following main categories:

- Policy updates
- Reviews of contractual issues
- Information published about our company
- Changes in legislation that could affect us
- The situation in the coal market
- Progress with social processes
- Environmental questions
- Social Responsibility programs



Work in compliance

[102-16]



Business Ethics Program

We have established our Business Ethics Program in accordance with these principles for behavior, with the goal of strengthening an organizational culture based on ethics and the law. The Program guarantees an internal control focused mainly on preventing conduct not in line with the law, with regulations, or with internal policies, with the goal of safeguarding the integrity, good image, and reputation of our company.

Through the Program, we develop policies, guidelines, and procedures to strengthen corporate compliance. The basic foundation is our Code of Conduct, which declares our company's principles for behavior.

At Drummond Ltd., we reinforce the organizational culture by means of ethical principles that guarantee self-control, prevention, and the identification of conduct that is against the law or fails to comply with our policies and guidelines.

To preserve transparency and integrity, we have a reporting channel to speak to any doubts regarding our Business Ethics Program and respond to reports of failures to comply.

Each situation reported is investigated, and corrective measures are taken as applicable, always keeping the information confidential and protecting the identity of the person making the report, if the person so requires.

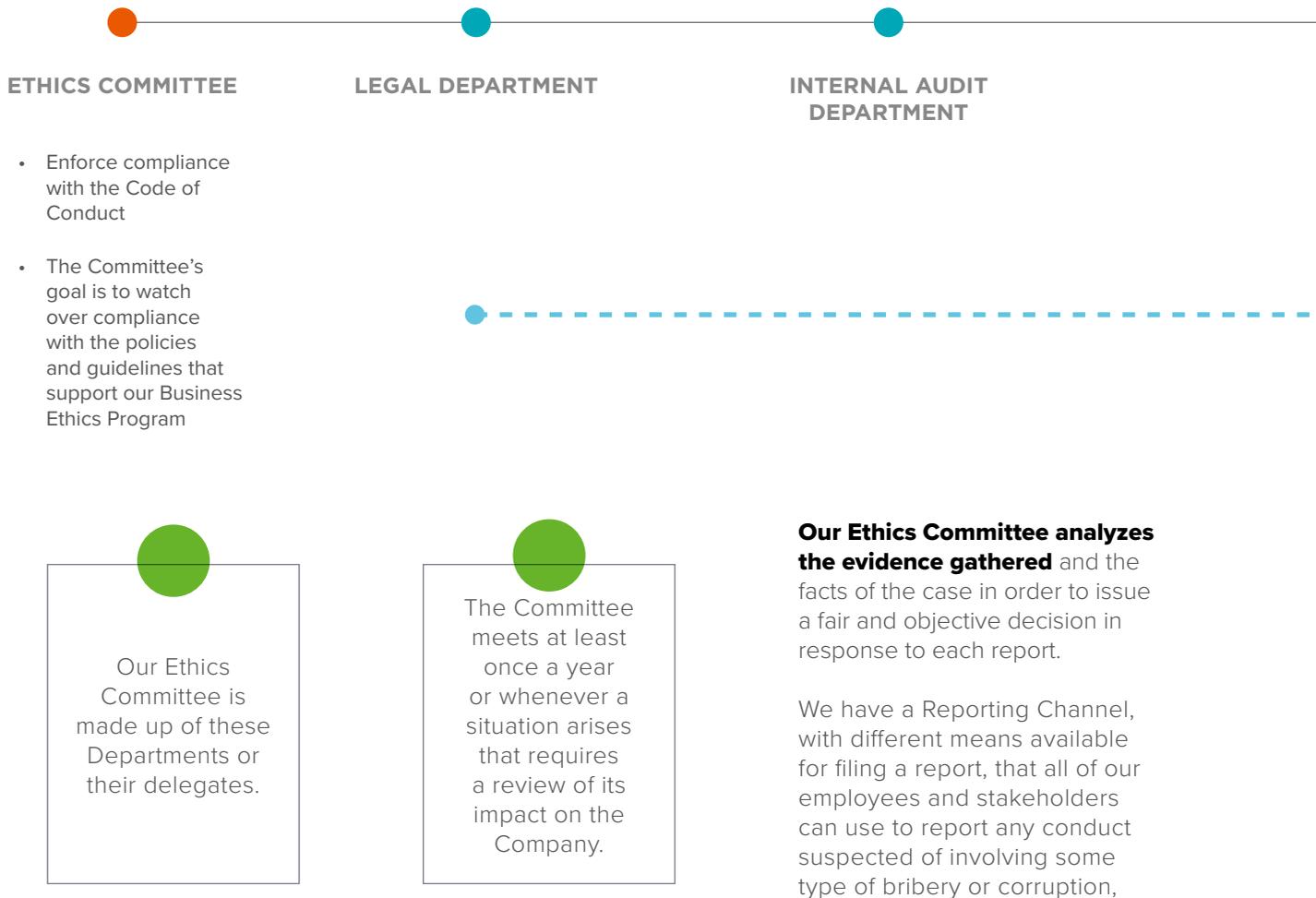
All our employees, suppliers, contractors, and other stakeholders must be familiar with our Business Ethics Program and use the reporting channels established whenever they find themselves in a situation where there are doubts about or possible violations of the Code of Conduct or company policies and anti-bribery and corruption laws.



[102-17]

Internal and external mechanisms for promoting lawful and ethical conduct

EMPLOYEES:

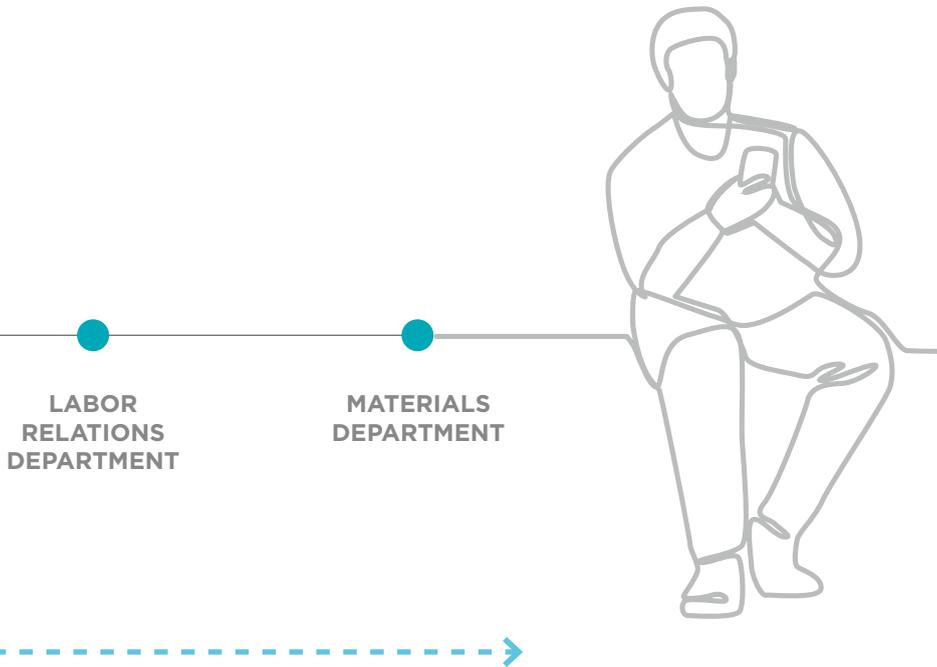


Our Ethics Committee analyzes the evidence gathered and the facts of the case in order to issue a fair and objective decision in response to each report.

We have a Reporting Channel, with different means available for filing a report, that all of our employees and stakeholders can use to report any conduct suspected of involving some type of bribery or corruption, or to communicate any doubts or needs related to compliance with our Business Ethics Program.

The information is received by the Company's Ethics Committee, guaranteeing the confidentiality of the information and of the person providing it, and protecting that person from any kind of retaliation.





Our suppliers and contractors must comply with what is agreed on contractually, because a contract defines the obligations and rights of the parties and the legally established manner for terminating the business relationship when necessary.

We disseminate our Business Ethics Program via publication on the webpage, ensuring that all stakeholders can access it and are familiar with it. In addition, the Compliance Officer organizes regular training sessions for all our employees, suppliers, and contractors on this topic.

In the same way, during our Corporate Induction Program for all employees hired by the company, the Compliance Officer talks about issues related to our Compliance Systems. The induction process provides information on policies, guidelines, procedures, and the responsibilities of each Drummond Ltd. employee under the Compliance Systems.

In the case of the communities in the areas of influence, Drummond has Community Attention Offices that manage situations of this type, reporting them to Compliance, as appropriate. More information will be provided about this channel in the chapter on community relations.

In 2018, we received 218 reports, of which 84% were not actually reports, but rather commercial information, personal petitions, or notifications as part of proceedings. The 35 reports received were investigated and the cases were successfully closed out.

When sanctions must be imposed on workers involved with our company, the procedure followed is in line with the labor laws and our internal work regulations. Disciplinary processes are managed by the Human Resources area. Those processes that involve a failure to comply with our Business Ethics Program, however, are reviewed and analyzed by our Ethics Committee before the formal commencement of the disciplinary process.



denuncias@drummondltd.com

Report to the postal
address: Calle 72 No. 10-07
Office 1302 Bogotá D.C.

Ethics Hotline
01-800-091-9161 -
Direct line 57 (5) 571-9499
Extension: 8499

Report Form



System for Self-monitoring and Management of the Risk of Money Laundering and Terrorism Financing - SAGRLAFT

In compliance with Basic Legal Circular 100-000006 of 2017 – Chapter X, issued by the Superintendent of Corporations, and aware of the importance of maintaining credibility and trust with our stakeholders, we implemented the System for Self-monitoring and Management of the Risk of Money Laundering and Terrorism Financing (SAGRLAFT for the Spanish). SAGRLAFT is an instrument for preventing and minimizing the likelihood that the company, in the development of our operations or business, might be used directly or indirectly to engage in illicit activities tied to money laundering or terrorism

financing. The system has a corporate policy that defines the general concepts and guidelines for preventing and controlling these risks. It also has a Money Laundering and Terrorism Financing Risk Management Manual, which describes procedures and controls that diminish the likelihood of the occurrence of risk events related to money laundering and/or terrorism financing and mitigate their impact. In addition, we have a procedure for responding to requirements from authorities and a Suspicious Transaction Report. All of these actions are accompanied by education and training for our employees.

Personal information protection

We continue to strengthen the Personal Information Protection Program, adopting necessary and efficient measures

Information is one of the company's most valuable assets. For that reason we believe safeguarding information, especially that of individuals, is of vital importance.

We continue to strengthen the Personal Information Protection Program, adopting necessary and efficient measures for complying with the provisions in the Personal Information Protection Law.

To guarantee that compliance, at Drummond Ltd. we have the Internal Procedures and Policies Manual for Personal Information Processing, which outlines appropriate and effective measures for complying with Drummond Ltd.'s responsibility for the personal information of stakeholders. We comply with the National Registry of Databases (RNBD), described in External Circular 002 of 2015, issued by the Superintendent of Industry and Commerce.



Value cycle

[102-9]

DRUMMOND LTD. ENGAGES IN LARGE-SCALE, HIGHLY TECHNOLOGICAL OPEN PIT MINING. THE ENTIRE OPERATION TAKES PLACE WITH EXHAUSTIVE PROCESSES FOR MONITORING AND CONTROL, GUARANTEEING CARE FOR THE ENVIRONMENT, THE COMMUNITIES AND OUR WORKERS.

For us, protecting health

and the environment in the communities is vital. That's why the value cycle is based on economic feasibility studies that guarantee not only the efficiency of our operation, but also the preservation of the natural and cultural wealth of the zones where we operate.



- Rescue archaeology, humane eviction of wildlife, collection of native seedlings and seeds, implementation of projects to use forest products, and collection of soil samples.
- Design, development, set up and preparation of the mines.
- **Extraction:** waste products are managed using practices that guarantee the least environmental impact possible.
- Once extracted, the coal is transported from the mines to a collection area where it is separated and classified, and then crushed, so that the final product meets the quality conditions required by our clients and the market.
- Finally, the coal is transported using our company's trains to Puerto Drummond for export. There the product is stored according to its characteristics and quality, in such a way that blends can be prepared for shipment in accordance with the quality requirements of each client.

Our port is certified in OHSAS 18001 Industrial Safety and Occupational Health, ISO 14001 Environmental Management, the ISPS Code for physical security and port protection, and in the BASC Business Alliance for Secure Commerce. In 2018, our ISO 14001 version 2015 certificate was updated,

and the scope of that certificate was expanded to our mining operations. The mine and the port each have OHSAS 18001 certification with independent certificates. In August 2019, a follow-up audit will be done for both locations, in order to obtain a single certificate covering both operations.

1 GEOLOGICAL, MINING AND ENVIRONMENTAL STUDIES

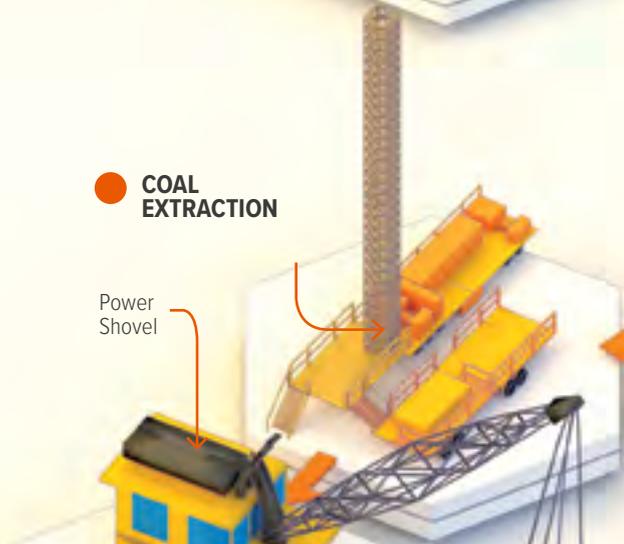
Aware of our environmental responsibility, we implement a management plan and environmental control and monitoring during our operation.

2 MINING ENVIRONMENTAL DESIGN

We protect our surroundings by using best practices.



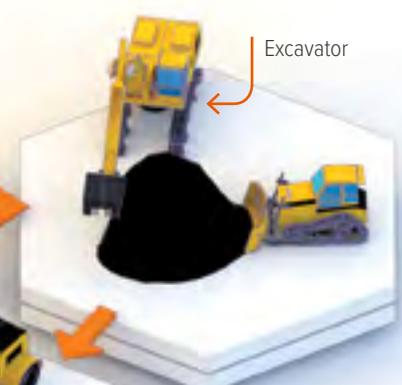
COAL EXTRACTION



DRILLING AND BLASTING



Dumping areas

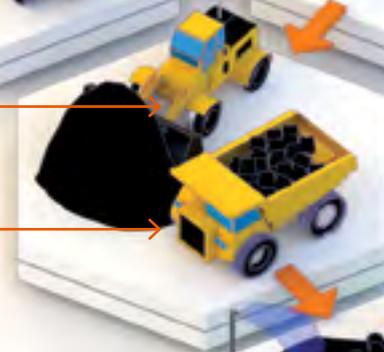


LOADING OVERBURDEN



Loader

Trucks



COAL STACKS



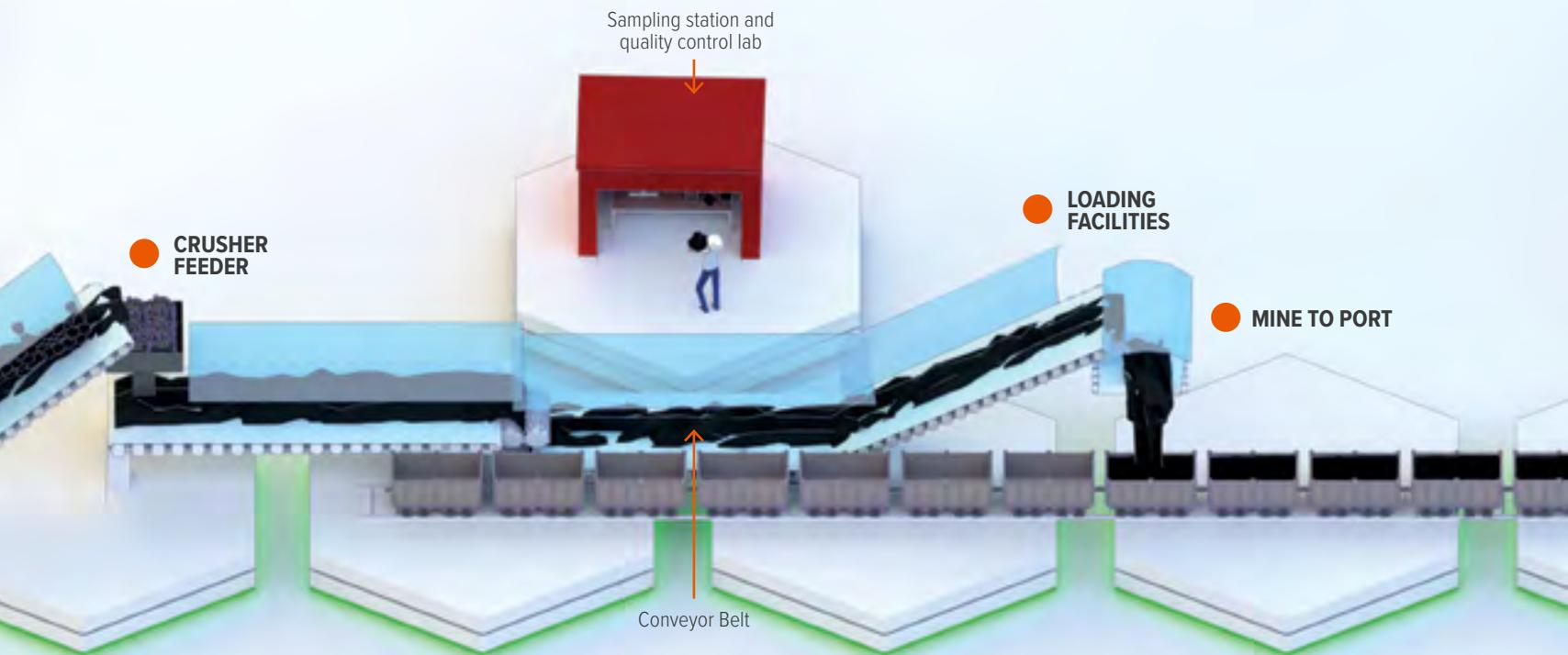
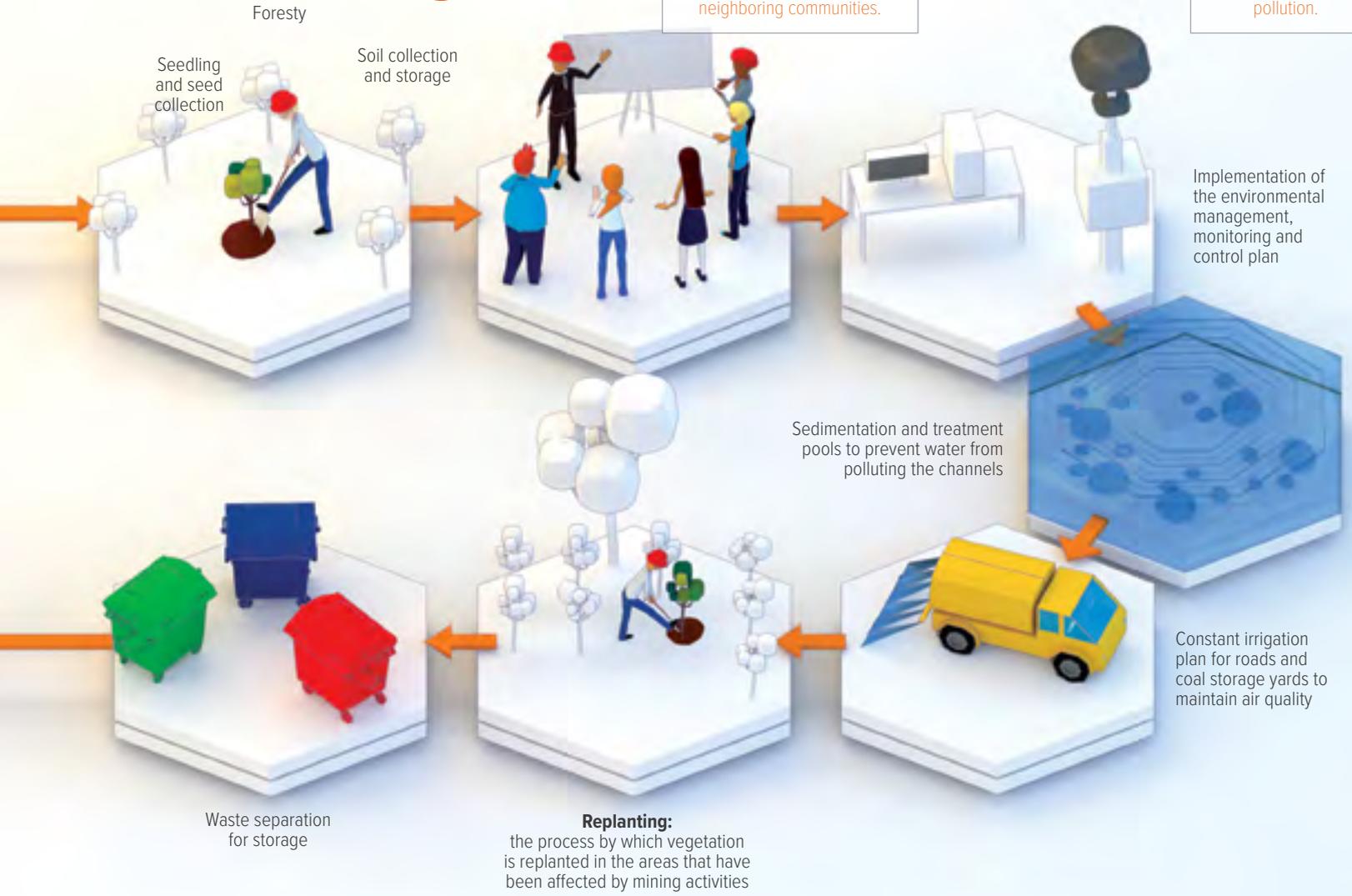
Our value chain

3 COMMUNICATION AND LICENSE

We are committed to society, and for that reason we have a risk and information plan targeting our neighboring communities.

4 COAL EXTRACTION PROCESS

We use control measures to mitigate environmental pollution.

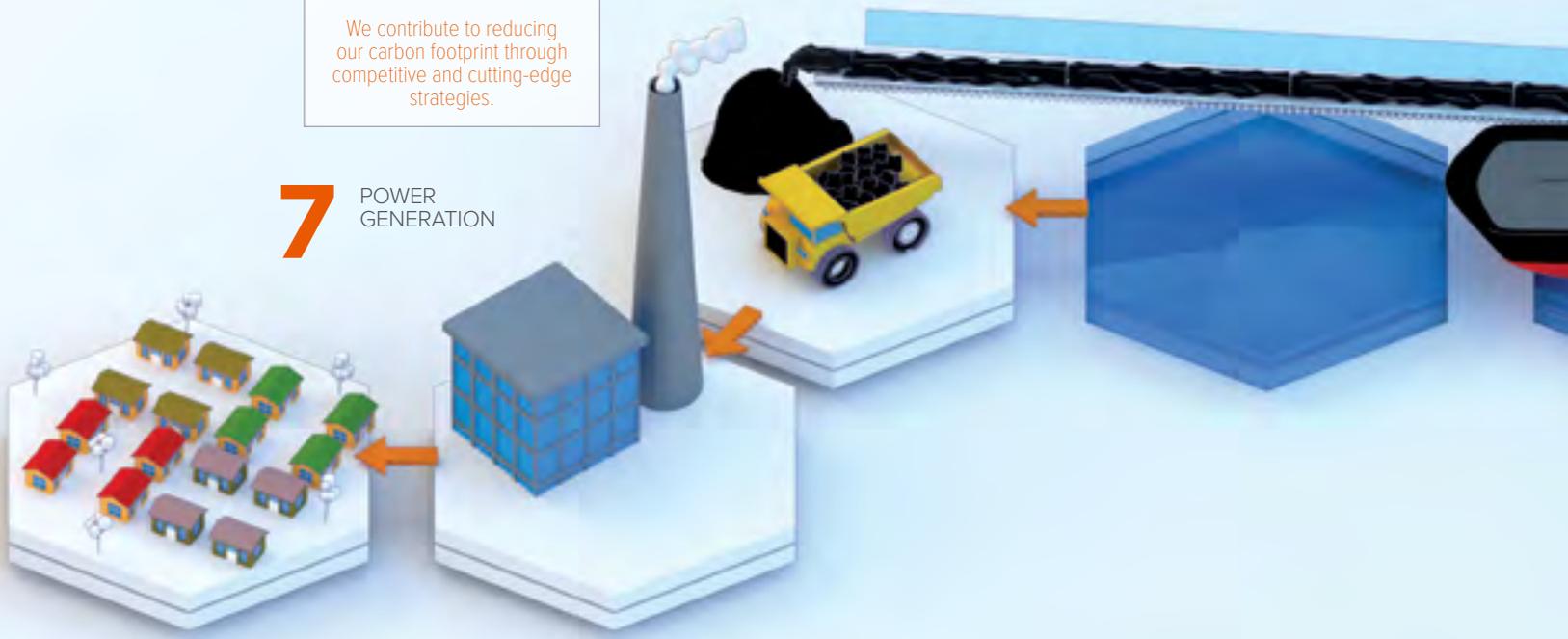


6 TRANSPORTATION TO THE THERMAL POWER STATION

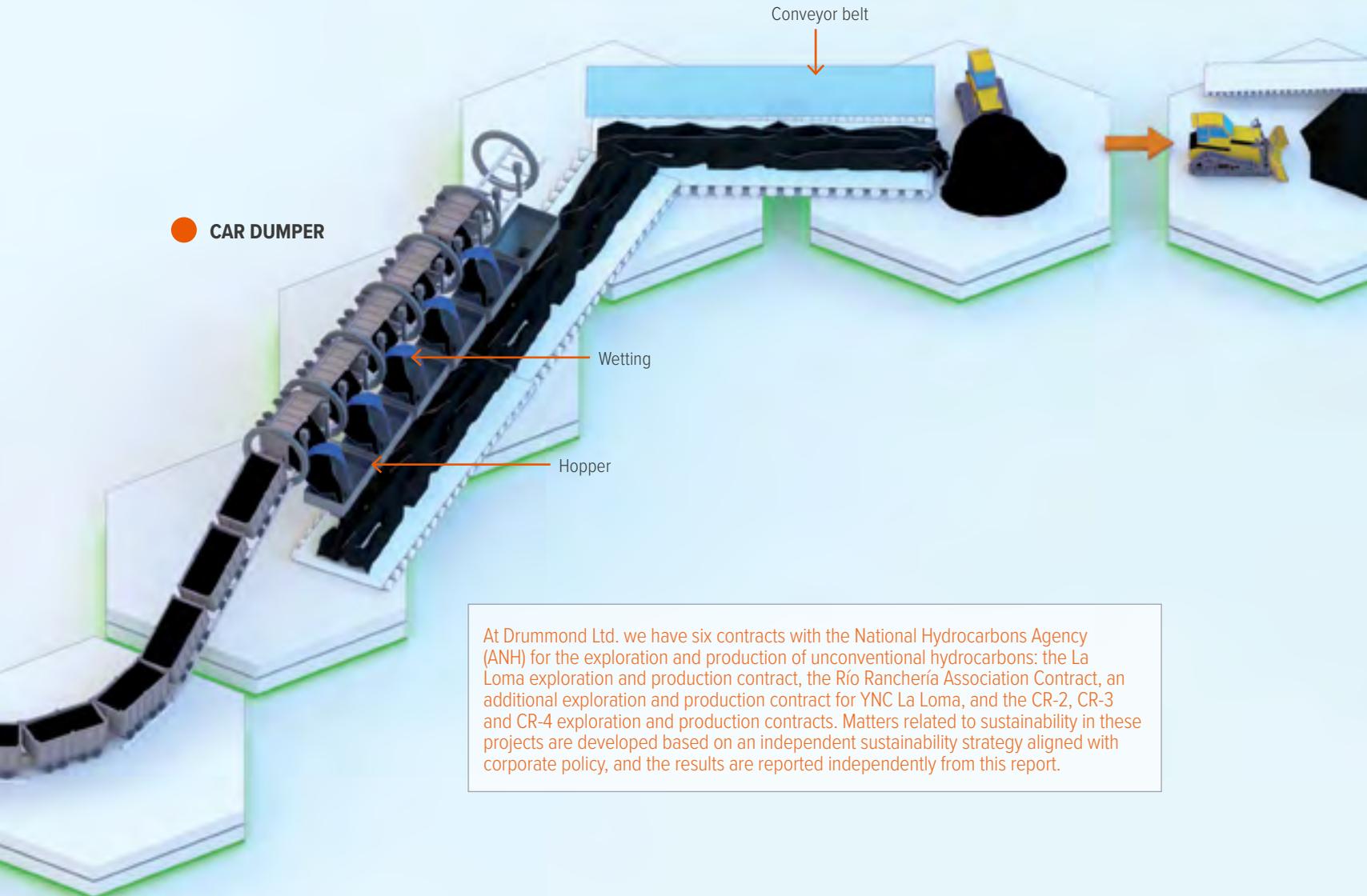
Our installations are reliable and sustainable, making our operation efficient and responsible.

We contribute to reducing our carbon footprint through competitive and cutting-edge strategies.

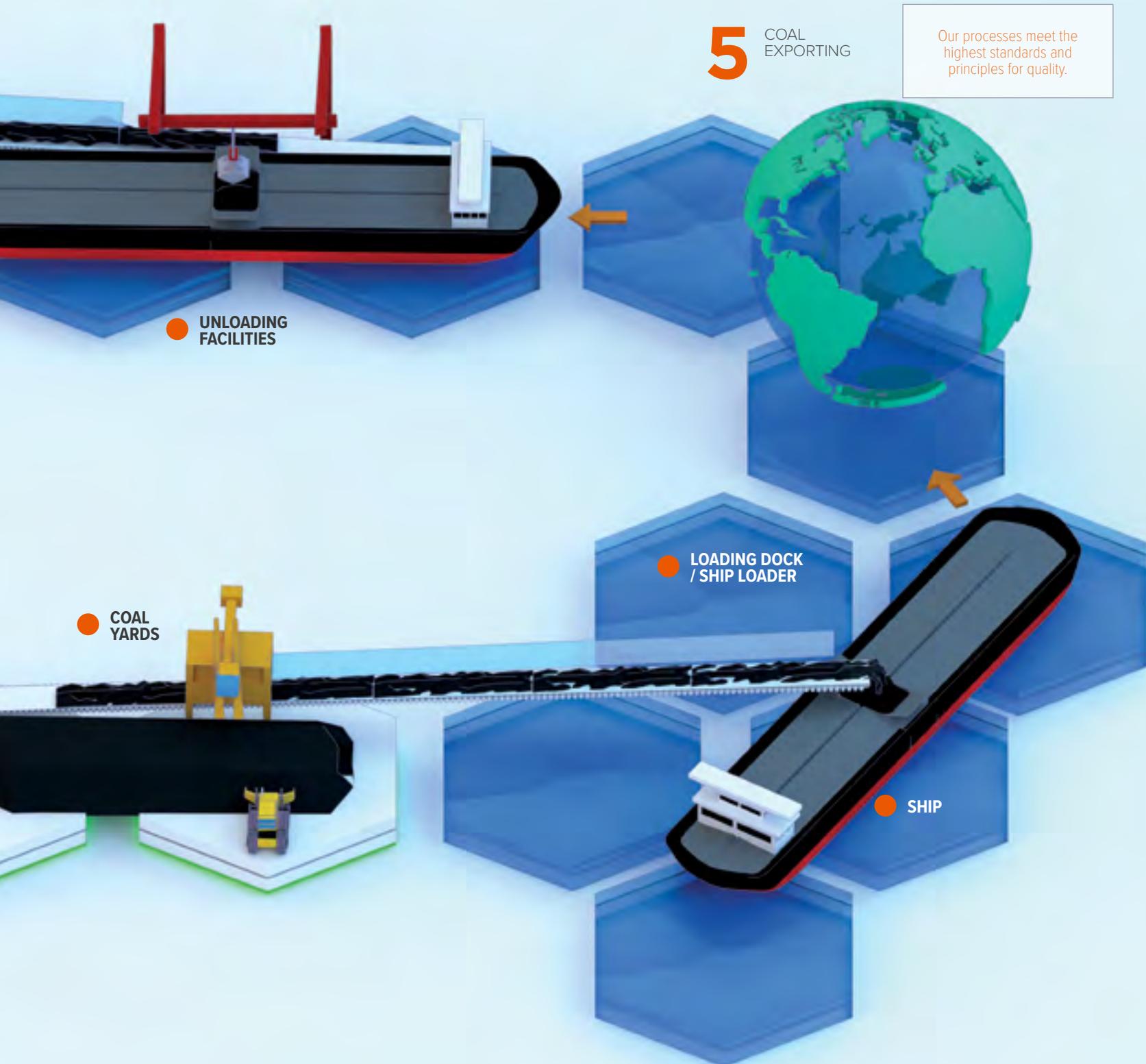
7 POWER GENERATION



CAR DUMPER



At Drummond Ltd. we have six contracts with the National Hydrocarbons Agency (ANH) for the exploration and production of unconventional hydrocarbons: the La Loma exploration and production contract, the Río Ranchería Association Contract, an additional exploration and production contract for YNC La Loma, and the CR-2, CR-3 and CR-4 exploration and production contracts. Matters related to sustainability in these projects are developed based on an independent sustainability strategy aligned with corporate policy, and the results are reported independently from this report.



ENVIRONMENTAL COMPLIANCE REPORT

During the operation we do hydrobiological monitoring of wildlife for its relocation, manage solid waste products, and monitor the beaches at the port to check for the presence of coal, among many other environmental monitoring activities.

Then we issue a document every six months to report to the environmental authorities on the implementation of the management measures and the results of the monitoring.



Economic performance

By incorporating Corporate Social Responsibility into all of its business activities, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information provided in the Economic Performance subchapter targets:

CSR Strategy

To impart and strengthen skills



Peace and human rights

- Training and promotion
- Peace and social dialogue
- Peace and conflict resolution



- Governance for development
- Transparency and citizen oversight
- Strengthening Institutions and the Community



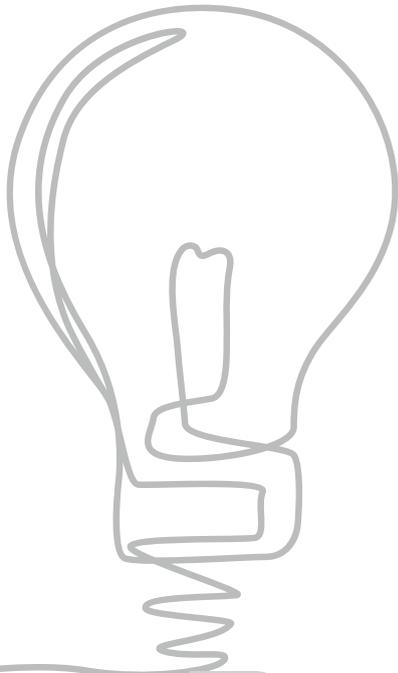
Comprehensive development

- Education and training
- Creating opportunities
- Working environment



Environmental performance

- Environmental sustainability
- Conservation and restoration





GRI CONTENT

SDG TARGET

201-1 Direct economic value generated and distributed

8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation.

201-2 Financial implications and other risks and opportunities due to climate change

201-3 Defined benefit plan obligations and other retirement plans

202-1 Ratios of standard entry level wage by gender compared to local minimum wage

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

202-2 Proportion of high level management hired from the local community

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.





[103-1]

Our mining operations in Colombia have an economic impact

on all parties involved in our value chain: shareholders, suppliers, employees, national and municipal governments, as well as the communities located in our areas of influence. Good economic performance is also a determining factor in the longevity of the business, allowing us to stay competitive in the global coal market.

Our financial sustainability makes our regular mining

operations viable, along with the expansion projects outlined in the long-term mining plans approved by the mining authority, and permits our sustainable growth.

Faced with such a complex context, maintaining a very efficient cost structure and keeping debt levels to a minimum are key. These have been the guidelines that have allowed us to successfully cope with difficult market situations and meet all of the commitments we have made to our customers and other stakeholders.

[103-2]

In the year 2018, the behavior of coal prices on the international market continued to favor us. The reference indicators most often used by the Colombian authorities include:

API 2

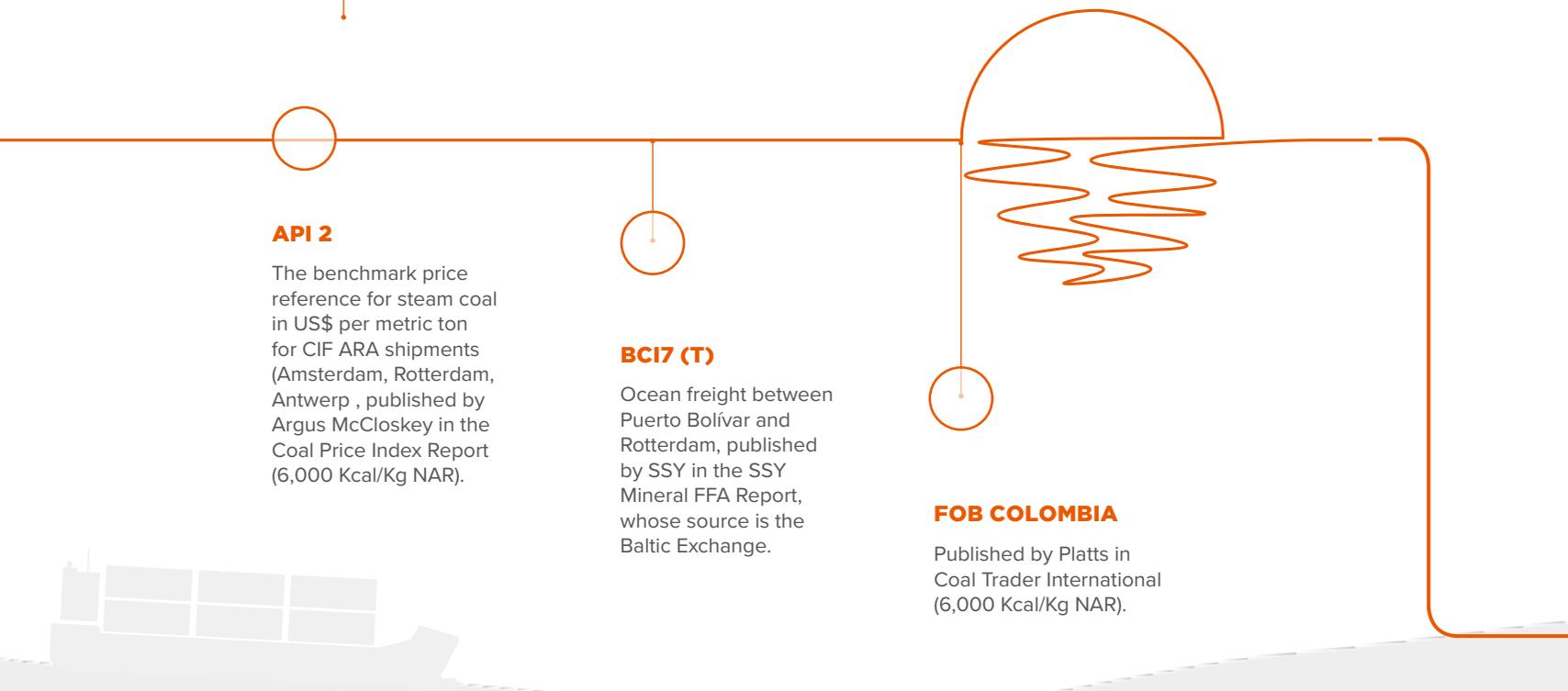
The benchmark price reference for steam coal in US\$ per metric ton for CIF ARA shipments (Amsterdam, Rotterdam, Antwerp), published by Argus McCloskey in the Coal Price Index Report (6,000 Kcal/Kg NAR).

BCI7 (T)

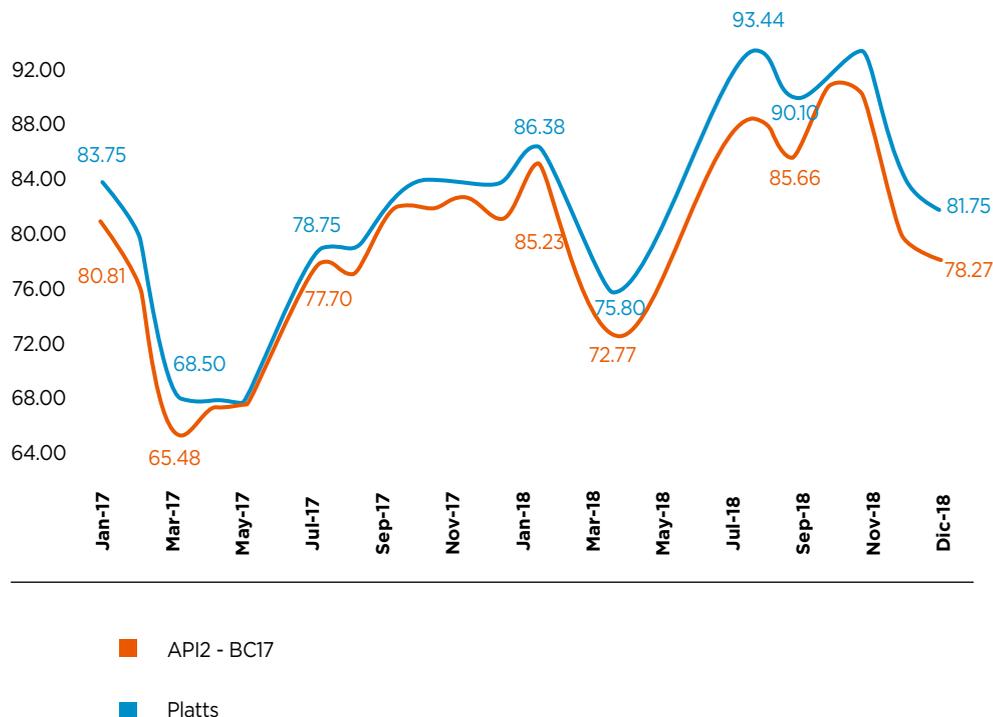
Ocean freight between Puerto Bolívar and Rotterdam, published by SSY in the SSY Mineral FFA Report, whose source is the Baltic Exchange.

FOB COLOMBIA

Published by Platts in Coal Trader International (6,000 Kcal/Kg NAR).



FOB Colombian port price



Under the API2 - BC17 price reference, the average FOB Colombian port price during the year 2018 was **US\$ 82.47/ton**, representing an increase of **8.31%** over the average for the year 2017, which was **US\$ 76.14/ton**.

For the FOB Colombian Port price published by Platts, the average for the year 2018 was **US\$ 85.77/ton**, compared to **US\$ 77.84/ton** in 2017, representing an increase of **10.19%**.

For 2018, the average quality of the coal exported from the La Loma area was 11,246 BTU/Lb., while for the coal coming from the El Descanso area it was 10,516 BTU/Lb., very similar to

those same values for the previous years. This aspect, together with characteristics such as moisture content, ash, Sulphur, etc., are determining factors in the price of the coal on the international market.

**11,246
BTU/Lb.**

average quality from the La Loma area

**10,516
BTU/Lb.**

Average quality from the El Descanso area

OTHER FACTORS THAT HAVE AN INFLUENCE ON THE PRICE ARE:

- World inventory levels
- Freight costs
- The intensity of weather events in both winter and summer
- Changes in the internal regulations of producer countries that may limit their production
- Regulatory restrictions that can affect consumption in the countries that import
- Cleaner and lower-cost energy sources



[103-3]

Given the relevance of this topic, we continue to carefully monitor production costs and budget execution.

Our production and export levels are shown below:

Production volume (million tons)	Exports (million tons)
30.8 2018	31.5 2018
32.5 2017	32.4 2017
28.4 2016	32.6 2016

The results for 2018 for production and exports were very similar to the previous year. The average exchange rate for the year remained at levels very similar to those in the year 2017.

Main economic performance indicators:

EBITDA ¹ US\$	EBITDA / Income from Operations
480.1 million 15.3 /ton 2018	21.8% 2018
362.2 million 11.2 /ton 2017	18% 2017
278.8 million 8.5 /ton 2016	16.9% 2016

• The EBITDA per ton increased 36.4%, going from US\$11.2/ton in 2017 (US\$ 362.2 million, 32.4 million tons) to US\$ 15.3/ton in 2018 (US\$480.1 million, 31.5 million tons).

In addition, it is important to highlight the EBITDA margin (EBITDA/ income from operations), which improved by the close of the year, going from 18% in 2017 (US\$362.2 millions / US\$1,988.2 millions) to 21.8% in 2018 (US\$480.1 millions / Col\$2,196.4 millions).



EBITDA margin 2018





[201-1]

Direct economic value generated and distributed

As part of the execution of our mining operation in 2018, we invested in the development of the regions where we operate. Long-term mining plans imply a significant investment in transportation, water spraying systems, energy, and information and communications technology, and these are fundamental for achieving sustainable development and fomenting greater social stability.

We have aligned ourselves with Sustainable Development Goal 8, seeking to produce higher levels of economic productivity through diversification, and technological upgrading and innovation (Goal 8.2), without neglecting the continued

creation of opportunities for full and productive employment and decent work for men and women, as well as equal pay for work of equal value (Goal 8.5). By virtue of this, the mining sector in Colombia, thanks to companies like Drummond Ltd., has been an important driving force behind the country's economic development and job creation.

The technological progress and advances in infrastructure we have been making increase the efficiency of our operation. This generates greater income for us, and also coincides with social, economic, and environmental goals that have contributed to the development of local communities.



Line item	Amount 2017 (US)	Amount 2018 (US)
Income from net sales	1,988,157,876	2,196,382,517
Income from financial investments	3,491,722	3,411,516
Income from sale of assets	6,668,185	4,192,101
Direct economic value generated	1,998,317,783	2,203,986,133
Operating costs	974,500,265	941,132,492
Employee wages and benefits	263,232,373	296,123,239
Payments to providers of capital	0	0
Payments to government	528,417,167	608,522,794
Community Investments	25,161,243	20,045,523
Economic Value Distributed	1,791,311,048	1,865,824,048
Economic Value Retained	207,006,735	338,162,086



This indicator was developed based on the parameters in the GRI standards. In that sense, figures for amortization and depreciation were not included in the operating costs. We removed the hydrocarbons business, for the year 2018, from the scope of this content in order to maintain the traceability described in the section “Report Profile.”

Payments to government

Colombia voluntarily joined the Extractive Industries Transparency Initiative (EITI), which seeks to complement the work done by the government, promoting transparency and accountability on the part of the extractive sector (hydrocarbons and mining).

Government entities and companies in the extractive sector that have joined voluntarily, including us, participate in this initiative, facilitating intervention by representatives of civil society.

Recently, the Secretary of the EITI validated the process to implement this initiative, declaring it to be satisfactory, which means Colombia has met the requirements established by this global standard. Being ranked in the upper tiers of this measurement represents a substantial improvement for a country in terms of transparency indicators and promotes a better energy-mining investment climate for it. In addition, it generates an atmosphere of trust on the part of civil society, because it has greater access to information on the use of public and private resources.



Administration of resources from the extractive industry by the Colombian government

TAXES

Collector: (National Department of Taxes and Customs)

Purpose: Contribute to the general budget of the Nation

ROYALTIES

Collector : (National Mining Agency)

Purpose: Transferred to the General Royalties System

At the close of 2018, the tons exported from our mining operations, that is, La Loma and El Descanso in the municipalities of Chiriguana, El Paso, La Jagua de Ibirico, Agustín Codazzi and Becerril, totaled 31.5 million tons. in the year 2018 alone, the royalties and compensations paid to the national government totaled US\$ 387.5 million, and taxes, fees and contributions added up to US\$ 236.2 million, for a total of US\$ 623.7 million.

Since the beginning of our operations in the year 1994 we have mined 440.3 million tons, and paid US\$3.4 billion in royalties and compensations and US\$2.4 billion in taxes, fees and contributions, for a grand total of US\$ 5.8 billion.

[201-2]

Financial implications and other risks and opportunities due to climate change



RISKS

Given the importance of water resources for the development of our mining and port operations, there is no doubt that in a scenario of climate change, in which the probability of extreme conditions could be increasingly high, not only operational risks, but also socioenvironmental and regulatory risks would increase. In consequence, conflicts could be generated with the community regarding access to or use of water, production could be affected, operating costs could go up and, in regulatory terms, the environmental authority could restrict granting or renewing permits for the use and usufruct of water resources.

IMPACTS

The impacts that would be caused by climate change would come from atypical events such as heavy rains and high temperatures. An increase in precipitation could surpass the water storage capacity of the mining and port projects, affecting the normal development of our operations. High temperatures could possibly generate a scarcity of water, directly affecting the implementation of measures to control particulate matter, the revegetation program, and the mining operation in general. On top of this would be the impact of climate change on neighboring communities and on an increase in forest fires, which would not only have ecological repercussions, but also economic and social.



RISK MANAGEMENT METHODS

We continue to implement measures for mitigation and adaptation to climate change, mainly associated with the water resource management programs (both in rainy and in dry seasons), and programs for forest compensation and recovery of areas intervened. In addition, each year we increase our efforts to make the firefighting and prevention program more effective. All of this represents a strategy for using water in a sustainable way and for conserving, restoring, and recovering the vegetation,

which has the goal of regulating a steady supply of water and maintaining carbon sinks.

We have also developed a plan for environmental management of the Paujil Reservoir to help provide water to the properties near the project in the dry season. With respect to forest fires, in addition to a protocol for immediate response, we continue to work with the local disaster response offices, training people on how to prevent and manage fires.

FINANCIAL IMPLICATIONS

Our industrial safety protocols call for stopping the operation in the case of floods or major forest fires. This decision impacts production, and even more so if the events are frequent. In response, we are implementing a series of actions that will reduce the risks derived from climate change. Some of the most important ones are:

- Expansion of the system for collecting, storing, and using rainwater
- Expansion of the water treatment systems prior to discharge
- Campaigns for saving water and using it efficiently
- Use of plant species better adapted to extreme conditions for the revegetation of the waste rock dumps
- Reinforcement of the firefighting and prevention program, both internally and also in nearby communities
- Restoration of areas affected by forest fires
- Implementation of new techniques for controlling particulate matter

THE COST OF ACTIONS TO MANAGE THE RISK

We continuously evaluate possible impacts from climate change and alternatives for mitigating the impacts or adapting our mining and port operations under the premise of guaranteeing the environmental and economic sustainability of the business. This year, the estimated total cost of managing this risk was

US\$
4,288,106.07



[201-3]

Defined benefit plan obligations and other retirement plans

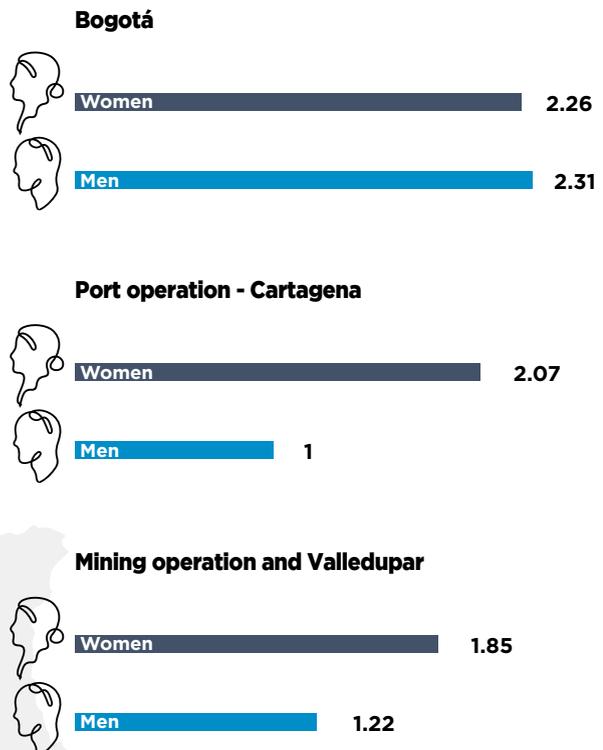
As in previous years, this year the corresponding contributions were made to the legally constituted pension funds freely chosen by each employee, as established in the General Pensions System. We do not have any other additional retirement plans other than those established by law.

The estimated amount of the defined benefit contributions paid by the branch during the year 2018 was US\$ 25,355,696.27. We made those contributions through pension funds in an amount equivalent to 16% of the base income for the period for each employee.

[202-1]

Ratios of standard entry level wage by gender compared to local minimum wage

Graph 4. Ratio between the minimum salary paid by the company and the minimum salary for the country in 2018



[202-2]

Proportion of senior management hired from the local community

We endeavor to hire high level management from the local community in order to have employees that not only have the characteristics necessary to hold the position, such as i) experience in the sector and ii) academic profiles that give us the best talent, but also to have employees who are familiar with the regions in which our operations take place. That way, the economic benefits are increased for the local community and our capacity to understand local needs improves.

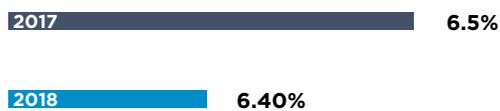


Graph 5. Proportion of high level management hired from the local community

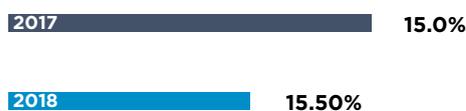
Bogotá



Port operation - Cartagena



Mining operation and Valledupar



This is the percentage of all employees at a strategic level in the company, including the President, vice presidents, superintendents, managers, and assistant superintendents. In all cases, the proportion has varied due to slight changes in the staff at all management levels.

Milestones

As of the close of 2018, we continue to be, for the third consecutive year, the company with the largest volume of coal exports in Colombia.

We concluded the necessary works to be able to use water from two rainwater and runoff reservoirs we had previously, one at the Pribbenow mine and the other at the El Descanso mine, thus increasing storage capacity by up to 40 hm³ and 35 hm³, respectively.



[102-9]

[102-10]

Supply chain

OUR COMPANY NEEDS TO WORK WITH OTHER COMPANIES THAT ARE IN ALIGNMENT WITH OUR POLICIES, PROCEDURES, CONTROLS, GUIDELINES, CHECKLISTS AND ACTIVITIES.

In consequence, our base of suppliers and contractors

must efficiently meet the highest standards in the industry from an operational, technical, and economic point of view. This will then guarantee the sustainability and profitability of our mining and port operations, compliance with the legal regulations, and maintenance of the highest standards in the area of safety and the environment.

In the month of October, we updated the Contractors Manual, including the following aspects related to the CSR strategy: contracting local labor, local services and supplies, responding to petitions, complaints, and claims, and reporting voluntary social investment. The update will be formalized in January of 2019.

The supply process for the goods, inputs, and services we require goes through the following stages:



●
During the year 2018, we were in commercial relationships with
1,040
suppliers, with an invoicing volume of
US\$1,213,394,000

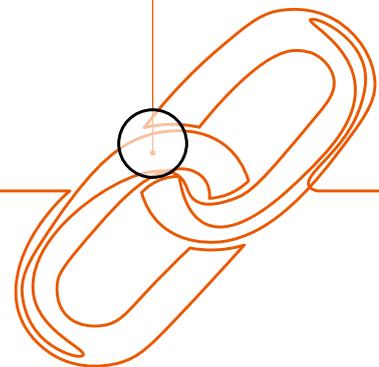
Of that total, 930 suppliers (89%) are domestic and generated total invoicing of US\$847,913,000 (70%). Of all the domestic suppliers, 31% are local, located in the Caribbean region, mainly in the departments of Atlántico, Cesar, Magdalena and Bolívar, and their invoicing totaled US\$ 262,753,000.



Domestic suppliers.



Local suppliers, located in the Caribbean region.



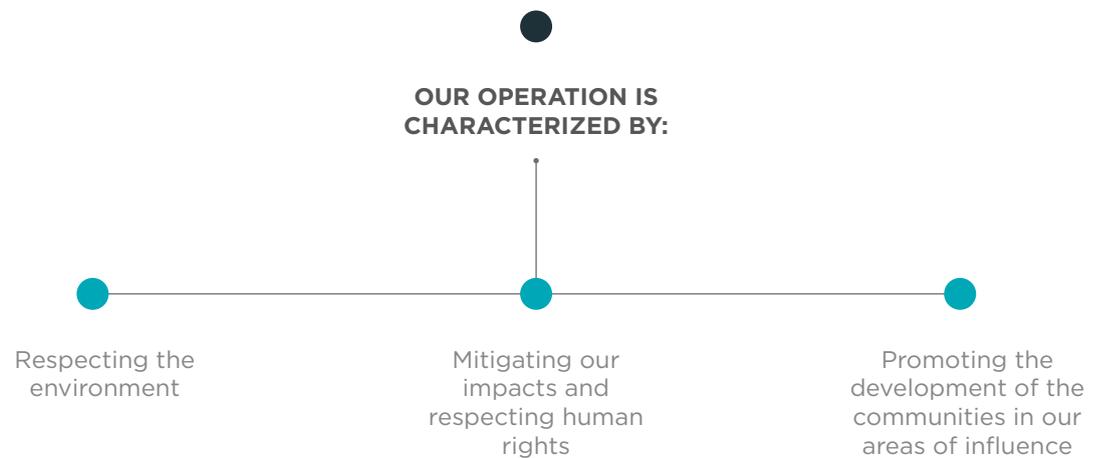


[103-1]

Work in communications

COMMUNICATING WITH OUR STAKEHOLDERS IS ONE OF THE MOST IMPORTANT ELEMENTS FOR MAKING SURE OUR ORGANIZATION FUNCTIONS WELL. SOME OF THE BENEFITS OF EXCELLENT COMMUNICATIONS ARE:

- Improved ability to compete
- Adaptation to changes in the surroundings
- Achievement of goals and objectives
- Good working environment
- Quick response to labor situations
- The involvement of all stakeholders



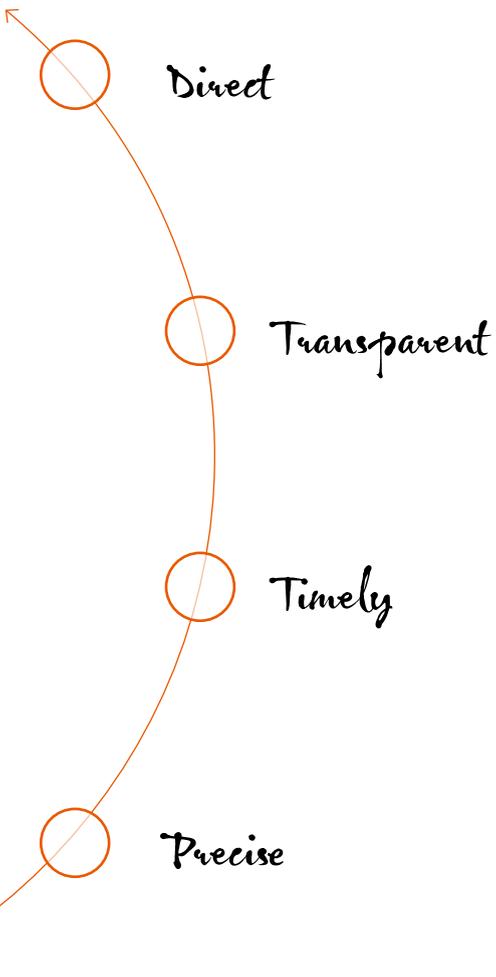
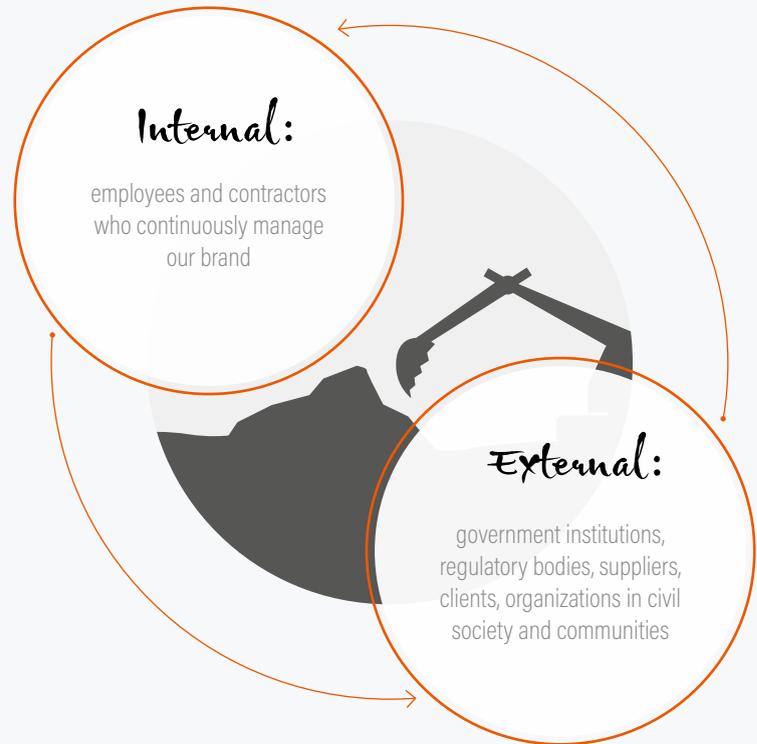
We are committed to achieving this by providing information to our stakeholders





We are aware that effective communication permits

two-way interaction and includes both internal and external communication:



At the internal level, communications impact our company's different sites: the Pribbenow and El Descanso mines in the department of Cesar, Puerto Drummond in Ciénaga, department of Magdalena, Bogotá, Valledupar, Santa Marta and Cartagena. From there, the impact extends out to the families of our employees and to the capital cities of the Departments in which we operate. At the external level, the impact is seen in all of our areas of influence (Cesar and Magdalena), and sometimes at the national or international level.

Direct, clear, and timely communication with our stakeholders is fundamental; misinformation puts the image of our organization at risk. Handling communications clearly, based on our company's good performance, can empower the corporate reputation. By contrast, that image can deteriorate as the result of unverified information or misinformation from different parties, generating uncertainty. It can even affect the relationship with our customers.

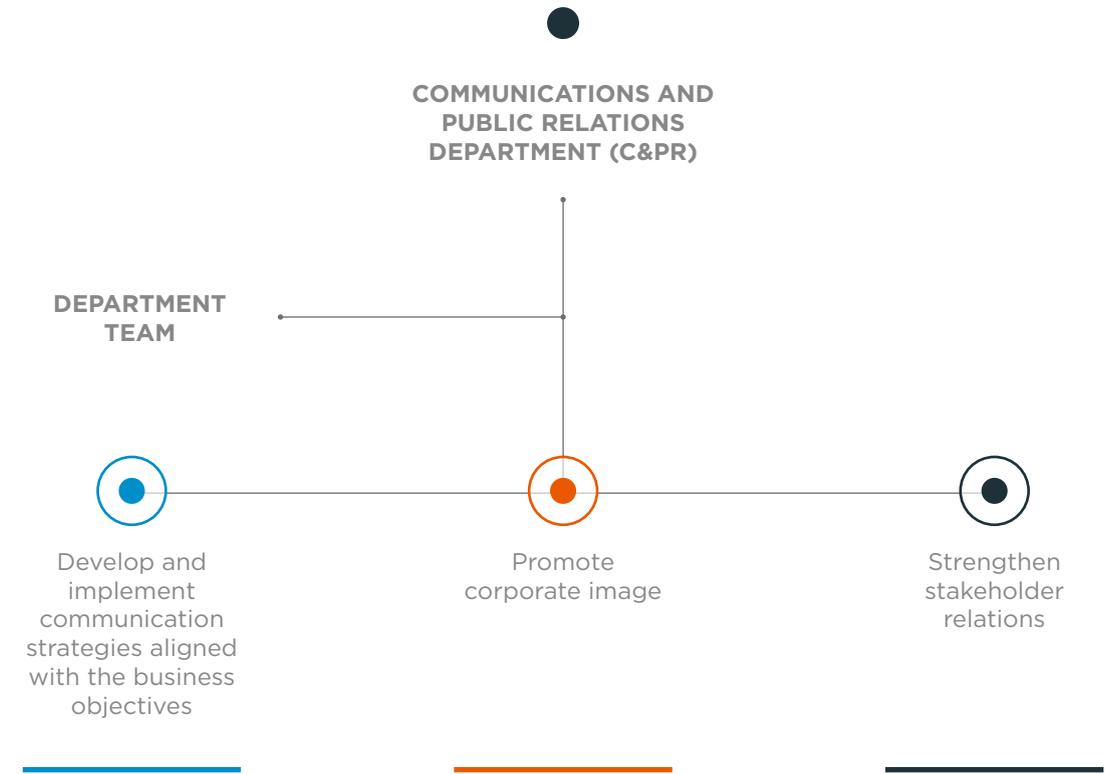


[103-2]

[DLTD-01]



Our company's communication objectives and coordination:



To achieve what we have described above, our Communications Department relies on the following inputs: perception studies, stakeholder mapping and stakeholder feedback, risk mapping, and the respective risk management methods.

These are some of the different tools implemented by the Communications Department to meet the objectives:



Communications Policy

<http://www.drummond ltd. com/wp-content/uploads/Communications.pdf>





Drummond en las Noticias (Drummond in the News) Bulletin

Monthly publication.

- Targets outside stakeholders (contractors, suppliers, authorities, and others).



“Drummond Te Informa” (Drummond Informs You Bulletin) – Special Issue

Published as needed.

- Addresses all stakeholders, but mainly employees.



Graphic Identity Manual



Revista Drummond (Drummond Magazine)

Quarterly publication.

- For all stakeholders.



“Drummond te informa” (Drummond Informs You Bulletin)

Monthly publication.

- For all stakeholders, but mainly employees.



Sustainability Report

Published yearly.

- For all stakeholders.



Press Releases

A minimum of two are issued per week.

- Target mainly the media.
- and is also shared with employees, suppliers, contractors, public officials, embassies, and others.



Bulletin Boards

Continuously updated.

- This tool also targets employees.
- There are a total of 30 scattered around the mine and port operations.



Digital bulletin boards

Updated weekly.

- Target employees.
- There are two located in the dining rooms for personnel in the mining and port operations.



Twitter Account

@DrummondLtdCo

- Updated daily.
- For all stakeholders.



Internal mail

- Information sent whenever necessary.
- Addressed to all employees.



Web page

www.drummondLtd.com

- Continuously updated.
- For all stakeholders.



“La Nota Bacana” (The Cool News Story)

Monthly publication.

- Targets employees.



Corporate Announcement

Monthly publication.

- For all administrative employees.



Cacica Stereo (commercial FM radio station)

Broadcast daily.

- Targets all employees and all stakeholders in our area of influence and those who listen on the Internet.



[103-3]

THE MECHANISMS USED TO MEASURE OUR COMMUNICATIONS MANAGEMENT :

- Perception study for the mining sector called "Brújula Minera." This study is developed each year by Jaime Arteaga y Asociados, in conjunction with the National Consulting Center.



- Documentary evaluation and audits that include visits to our company's operations and conversations with different stakeholders (both internal and external). As a result of these visits, the risk matrix and management methods are updated.

- Periodic visits to evaluate whether new matters have come up and how our company is progressing with respect to the recommendations.

Our webpages have an option for our stakeholders to send feedback about the quality of our communication.² During 2018 no comments were received.

² Get in touch with us at: <http://www.drummondLtd.com/contact-us/?lang=en>

- Evaluation by a group of European clients through the external evaluation done by the Bettercoal organization.

Challenges



2019

Increase the number of followers on Instagram, with positive interactions

The goal is to have more than 6,500 followers.

2019

Update the Communications Policy

FINANCIAL

US\$187,000 per year

HUMAN

1 Vice President of Communications and Public Relations

1 Communications Director

1 Communications Analyst

2 Communications Assistants

1 Aide

5 Student Interns

TECHNOLOGICAL

Computers

Cameras

Voice recorder for journalists

Microphones

[DLTD-02]

Media plan

Starting in the year 2012, we have had a regional media plan to position us as a company committed to its stakeholders. It informs the communities in the areas of influence about the programs and projects being developed.

The plan targets mainly our employees, their families, and the communities in the municipalities and districts located in the mining and port areas of influence (departments of Cesar and Magdalena) and in the railroad corridor. Also targeted are our local and regional authorities,

regulatory agencies, the media, contractors, and the community in general.

Some of the topics oriented toward our stakeholders are jobs, benefits, the environment, corporate social responsibility, support for the communities, industrial safety, human rights, our operation, innovation and technology, and compliance.

We have assigned the following resources to managing communications and, in particular, to developing and implementing the Regional Media Plan:





Our⁷

*Vision for
sustainability*



Commitment to sustainability

AT DRUMMOND, WE ARE COMMITTED TO HAVING A POSITIVE IMPACT ON COLOMBIA AND ITS PEOPLE.

We work hard every day to make sure our operations

contribute to the sustainable development and well-being of our employees and the communities in our area of influence. We understand that our responsibility goes beyond just mitigating the impacts generated on society and the environment as a result of our operations and organizational decisions.

We understand that CSR shouldn't be limited to a legal-compliance or risk-mitigation focus. And that is why we go above and beyond, adopting a way of relating to people that contributes to the future well-being of the community, the region, and the country, while at the same time creating value for the business.

Our Corporate Social Responsibility Policy¹ underscores our commitment to the following aspects above all:



Sustainable development



Our stakeholders



The law and international standards



The incorporation of social responsibility in every business activity

¹ Drummond Ltd. Corporate Social Responsibility Policy.

To meet these commitments, we have taken on as our strategic vision, **“to increase and share the benefits of the business project with stakeholders in our areas of influence by building and strengthening local skills.”**

This vision is expressed through the following focuses:

Peace and human rights:

Establish skills for building a fair and tolerant society that lives at peace.

Governance for development:

Strengthen local institutional capabilities for greater efficiency in planning and public administration.

Environmental performance:

Enhance the business skills that will guarantee world-class performance.

Comprehensive development:

Strengthen local skills in favor of the prosperity of employees, their families, and the communities in our area of influence.

During 2018, our Corporate Social Responsibility Department consolidated the recognition of the corporate CSR policy across the organization by including it in the Employee Manual and then broadly disseminating the manual. It also designed and put in motion the Strategic Matrix for Social Responsibility. This matrix defines and formulates a portfolio of projects, and designs a model for evaluation and follow-up to ensure the projects are in line

with the needs and expectations of our stakeholders, the United Nations Sustainable Development Goals, and international standards. During 2019, goals and indicators for follow-up will be determined, to be validated by each of the areas responsible.



In addition, the Corporate Social Responsibility Department

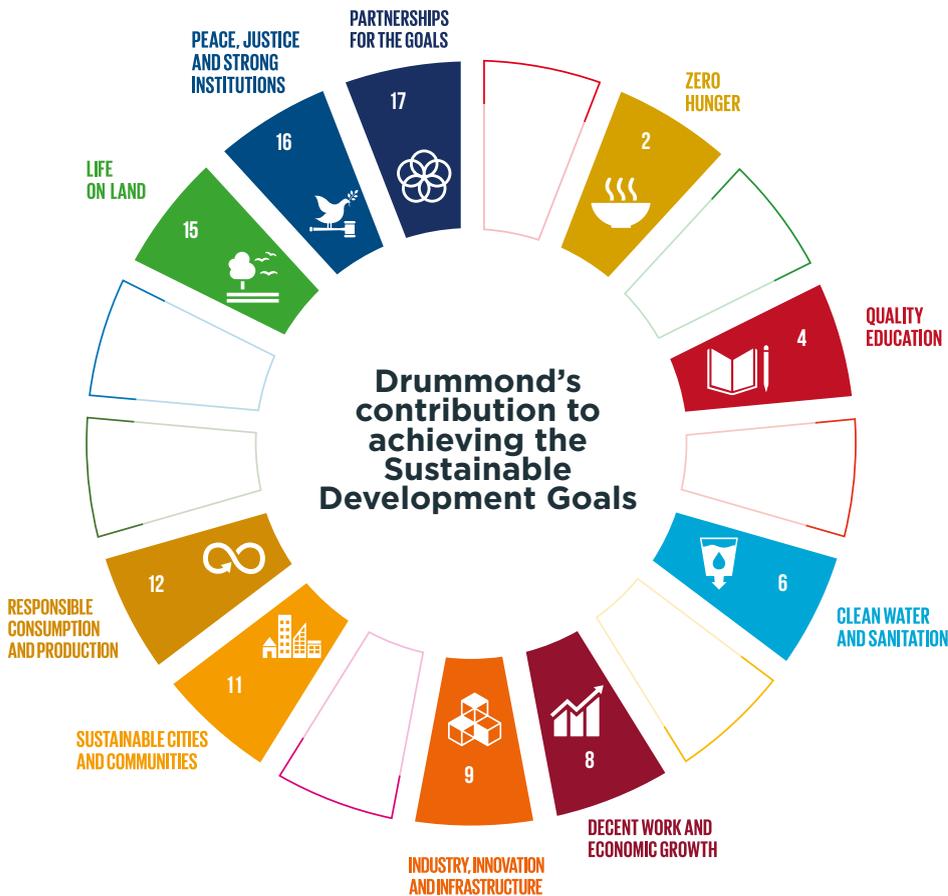
coordinates and leads the quarterly meetings of the Social Responsibility and Sustainability Committee. The main mission of that committee is to lead our organization toward a sustainable development model, aligning the business with the leading practices of the energy-mining sector around the world.

As part the effort to strengthen the social responsibility strategy, during 2018 we made adjustments to carefully align it with the Sustainable Development Goals. The United Nations 2030 Agenda

for Sustainable Development² recognizes that the private sector has a key role in the agenda, highlighting the commitment needed on the part of companies in all sectors in order to attain it. We therefore initiated the practice of prioritizing and disseminating our contributions to the SDGs, integrating development and sustainability performance information into our cycle of reports.

We believe we actively contribute to closing existing gaps in the country, especially those connected with the following SDGs:

² UN General Assembly, Transforming our world: The 2030 Agenda for Sustainable Development, October 21, 2015, A/RES/70/1, available at: <https://www.refworld.org/docid/57b6e3e44.html> [downloaded on February 23, 2019].



We aligned Drummond Ltd.'s Corporate Responsibility Strategy with the UN Sustainable Development Goals by first identifying the company's different projects throughout its operation. We then analyzed their relationship with each SDG. The exercise identified four areas in which the company's work is aligned with specific SDGs, and SDG 17 (Partnerships for the goals) runs through them all as a common thread. These relationships are shown graphically below:



STRENGTHENING PARTNERSHIPS





Once we developed this overall picture, we put the Strategic Matrix for Social Responsibility in motion. We defined and formulated a portfolio of projects that are aligned with the UN SDGs, Drummond’s pillars and lines of action under its CSR strategy, and the company’s own sustainable development goals. The following is our portfolio of programs:



Peace and human rights

TRAINING AND PROMOTION

- Human Rights Strategy
- Peace and social dialogue
- Inter-institutional dialogue
- Energy Mining Committee
- Working Group on Human Rights and Coal

PEACE AND CONFLICT RESOLUTION

- Peace-building and Reintegration Project - ARN Partnership (Golombiao / Ciénaga)
- Peace-building and Reintegration Project - ARN Partnership (Protective environments/ La Loma)
- Soccer with Heart
- Reweaving the Social Fabric (FUNDEBAN)



Environmental performance

ENVIRONMENTAL SUSTAINABILITY

- Plan for Efficient Use and Savings of Water
- Air Quality Improvement Plan - La Loma
- Air Quality Monitoring Network (public and private)
- MIMA Project
- Comprehensive Waste Management Program

CONSERVATION AND RESTORATION

- Environmental Compensation Program
- Plant and Wildlife Protection Program
- Nursery – Oxygen Factory



Governance for development

TRANSPARENCY AND CITIZEN OVERSIGHT

- EITI
- CSIR
- Business Ethics Program

STRENGTHENING INSTITUTIONS AND THE COMMUNITY

- Training for development
- Logistics/ Industrial Park in the Center of El Cesar
- Works for taxes
- Institutional and community infrastructure (healthcare posts, roadway infrastructure and maintenance)
- Home improvement program



Comprehensive development

EDUCATION AND TRAINING

- Educational infrastructure improvement program
- Early childhood care
- “Palabrario & Numerario”
- Alfabetízate (literacy program)
- University scholarship program
- Locomotive engineers
- In-House Program
- Professionals in Training

CREATING OPPORTUNITIES

- Hiring local suppliers
- Development program for local food producers
- Agro-industry project (cassava)
- Cacao business project
- Management of the fishing activity (Ciénaga)
- Management of the fishing activity (Santa Marta)
- Sowing for the Future Project
- Strengthening entrepreneurship and business projects

WORKING ENVIRONMENT

- Extralegal benefits plan
- Program to Strengthen the Safety Culture
- Health Promotion and Disease Prevention Program
- Regular Training



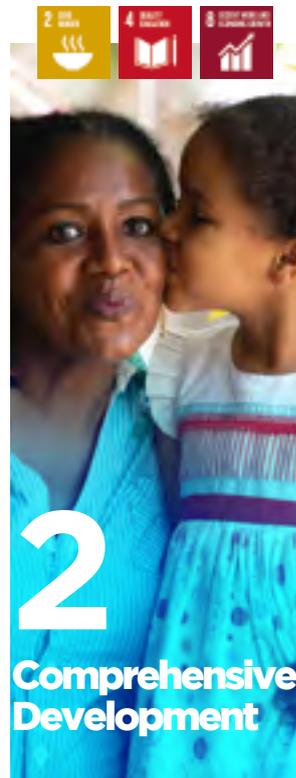
As described in the Report

Profile, this second part describes the four pillars of our CSR strategy, now aligned not only with the SDGs and our portfolio of projects, but also with our material aspects:

Each subchapter begins by describing that material aspect's relationship with the CSR strategy and the Sustainable Development Goals. It also connects the GRI indicators reported in each chapter with the SDG goals we have selected as a company.



Due diligence in human rights



Human talent management

Occupational health and safety

Trade union relations

Community relations

Work with suppliers and contactors



Administration of water resources

Air quality

Protection of biodiversity



Regional outreach and participation

Work in resettlement

[102-47]

The list of material topics resulting from the analysis are presented below:

Administration of water resources

DESCRIPTION

Methodologies and procedures for identifying, evaluating, and mitigating impacts derived from the use of water resources. Implementation of technically and financially viable policies and programs for achieving efficient and rational use of the resource, including the reuse, recycling, and conservation of aquifers.

ASSOCIATED GRI ASPECT

- Water
- Effluents and Waste (partial water)

Air quality

DESCRIPTION

Procedures for the prevention, reduction, and control of atmospheric emissions and particulate matter from the operations, and for responding to emergency situations, abnormal emissions and dispersion conditions, and exceedances, with respect to the patterns and thresholds permitted in the air quality criteria, minimizing impacts on health.

ASSOCIATED GRI ASPECT

- Emissions (Partially not GHG)

Community relations

DESCRIPTION

Programs to preserve the social license, promoting the social and economic development of the communities located in the area of influence of our projects.

ASSOCIATED GRI ASPECT

- Local communities
- Indirect economic consequences
- Planning for Closure

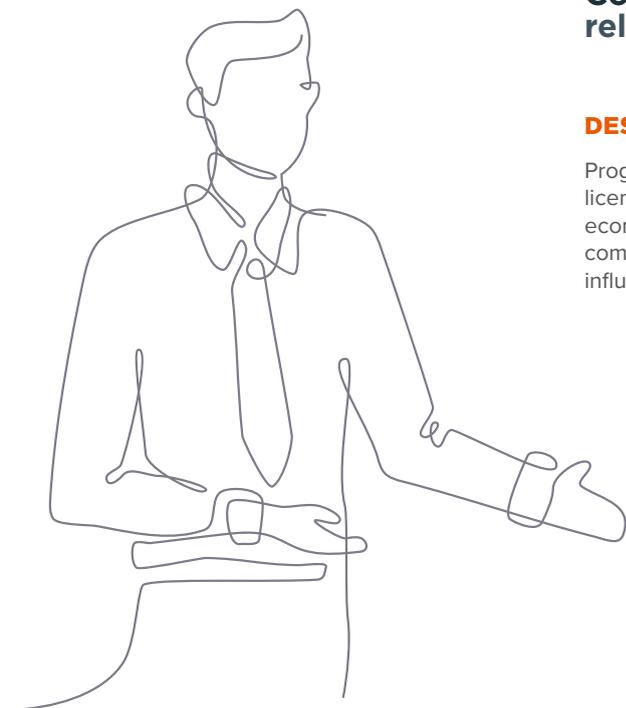
Occupational health and safety

DESCRIPTION

Programs to keep the operations safe, running the comprehensive management system that protects and preserves the health and lives of our employees.

ASSOCIATED GRI ASPECT

- Occupational Health and Safety





Work in resettlement

DESCRIPTION

Processes determined through consensus to relocate communities, in accordance with international standards and best practices, oriented toward maintaining or improving the living conditions of the population groups involved.

ASSOCIATED GRI ASPECT

- Resettlement



Economic performance

DESCRIPTION

Impacts by the project on the economic situation of its stakeholders as a result of flows of financial capital.

ASSOCIATED GRI ASPECT

- Economic performance
- Market presence
- Socioeconomic compliance



Due diligence in human rights

DESCRIPTION

Policies and practices that promote respect for human rights and prevent actions that could cause human rights violations in the value chain.

ASSOCIATED GRI ASPECT

- Non-discrimination
- Child labor
- Forced labor
- Security practices
- Rights of Indigenous peoples
- Human rights assessment



Work with suppliers and contactors

DESCRIPTION

Strategies to identify, contract, and evaluate suppliers for the project, in order to maximize positive impacts on stakeholders through the supply chain.

ASSOCIATED GRI ASPECT

- Supplier environmental assessment
- Supplier social assessment
- Procurement practices



●
Regional outreach and participation

DESCRIPTION

Outreach activities and partnerships with national and regional stakeholders to jointly promote and build shared visions for the future of the region.

ASSOCIATED GRI ASPECT

- Public policy

●
Work in communications

DESCRIPTION

Communication actions and strategies for protecting corporate image and reputation by providing transparent, direct, timely, and accurate information regarding the company's actions to all its stakeholders, using the existing communication channels.

ASSOCIATED GRI ASPECT

- Work in communications

●
Protection of biodiversity

DESCRIPTION

Policies and programs focused on effective environmental management to protect, preserve, mitigate, restore, and compensate the biodiversity in the areas intervened and influenced by the mine and the port, with the purpose of maintaining the value and the functionality of priority ecosystems and increasing the efficiency of use of the resources by the operations.

ASSOCIATED GRI ASPECT

- Biodiversity

●
Trade union relations

DESCRIPTION

Practices to guarantee the freedom of association of workers, and respectful and harmonious attention to the requirements of the existing trade union organizations.

ASSOCIATED GRI ASPECT

- Freedom of association and collective bargaining
- Labor/Management Relations



Human talent management

DESCRIPTION

Actions taken with the purpose of selecting, training, and developing employees who will contribute to the sustainability of the business and the achievement of objectives, and who will operate with honesty, integrity, and transparency in a business culture based on teamwork.

ASSOCIATED GRI ASPECT

- Employment
- Training and education
- Diversity and equal opportunity
- Equal pay for men and women

The materiality analysis encompasses the operations of the two mines and Puerto Drummond in Colombia.

Challenges

2019

Evaluate the relevant material topics in order to update them, taking into account changes in the context of our operation.

Update materiality analysis.



[102-12]

International standards and initiatives in sustainability

AT DRUMMOND LTD., WE HAVE VOLUNTARILY SIGNED OR BASE OUR ACTIONS ON THE FOLLOWING INITIATIVES:



Among the initiatives mentioned above, the work

done by Bettercoal is worth highlighting. Bettercoal examines our management systems, sustainable performance, and impacts, and compares them with the Bettercoal Code. It then works with the company to improve its practices over time³.

Another outstanding initiative is the Working Group for Human Rights and Coal. It is an arena for exchanging experiences, identifying replicable lessons and opportunities for improvement, developing recommendations for public policy, and promoting initiatives for joint work by the companies and their operations in the area of human rights and business.

³ See the complete article at <http://bettercoal.org/news/colombian-coal-a-bettercoal-view>

Challenges

2019

Evaluate the company's compliance with the Bettercoal Standards.

This activity has the purpose of evaluating the work against the requirements of the Code, in order to understand how the risks of our operation are managed. The scope of this evaluation will be our mining and port operations.



[102-12]
[102-13]

We are also associated with five national organizations:

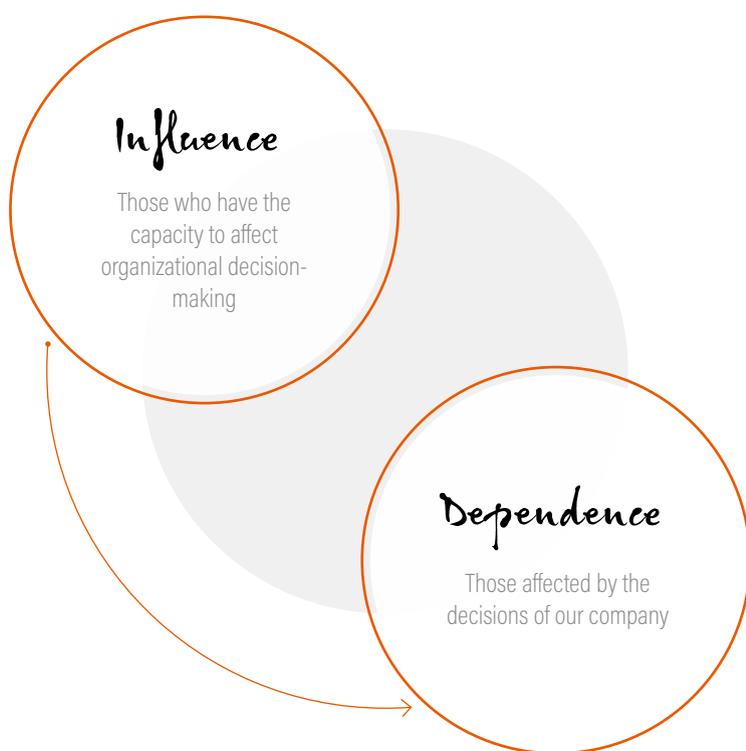


Stakeholder engagement

At Drummond Ltd. we recognize the importance of trust-based relationships and constant interaction with our stakeholders, not only in the framework of the materiality process and preparing the sustainability report, but as a continuous dialogue.

Selection criteria for our stakeholders:

We also have a Communications Committee that promotes and facilitates access to information by our stakeholders and an exchange of information with them.



[102-41]

[102-42]



Percentage of employees covered by collective employment agreements for 2019 as a result of the negotiations that took place during 2016 and 2017⁴

[102-40]

[102-43]

[102-44]

At Drummond Ltd. we use relevant and pertinent criteria to select the topics of conversation with each group of stakeholders and the mechanism for approaching the group in order to engage it.

⁴ To see details on these negotiation processes, go to the following links:
<http://www.drummondLtd.com/news-publications/press-releases/?lang=en>
<http://www.drummondLtd.com/drummond-ltd-signs-collective-agreement-with-sintradem/?lang=en>





Topics covered with each group of stakeholders

Topics covered with each group of stakeholders	 Employees and families	 Suppliers and contractors	 Communities	 Community organizations and associations	 Government	 Customers	 Shareholders	 Competitors	 The Public
Administration of water resources	x	x	x						
Air quality	x	x	x						
Occupational health and safety	x	x							
Economic performance	x	x	x	x	x	x	x		
HR due diligence	x	x	x		x				
Human talent management	x								
Community relations		x	x						
Regional outreach				x	x				
Resettlement			x						
Work in communications	x	x	x	x	x	x	x	x	x
Protection of biodiversity	x	x	x						
Trade union relations	x								
Work with suppliers and contactors		x							



Mechanisms	Employees and families	Suppliers and contractors	Communities	Community organizations and associations	Government	Customers	Shareholders	Competitors	The Public
Financial reports							x		x
Office for Attention to the Public	x		x	x			x		
Email	x		x	x			x		
Denuncias @DrummondLTD.com	x						x		
Web page	x	x	x	x	x		x		x
Twitter @DrummondLTDco	x	x	x	x	x		x		x

Materiality analysis

[102-46]

Drummond Ltd. is aware that the risks and opportunities in the area of sustainability that are inherent to our operations are dynamic over time. For that reason, we conduct a materiality analysis, with support from an independent third party, that allows us to identify relevant topics that can significantly impact environmental, social, and corporate governance issues or significantly

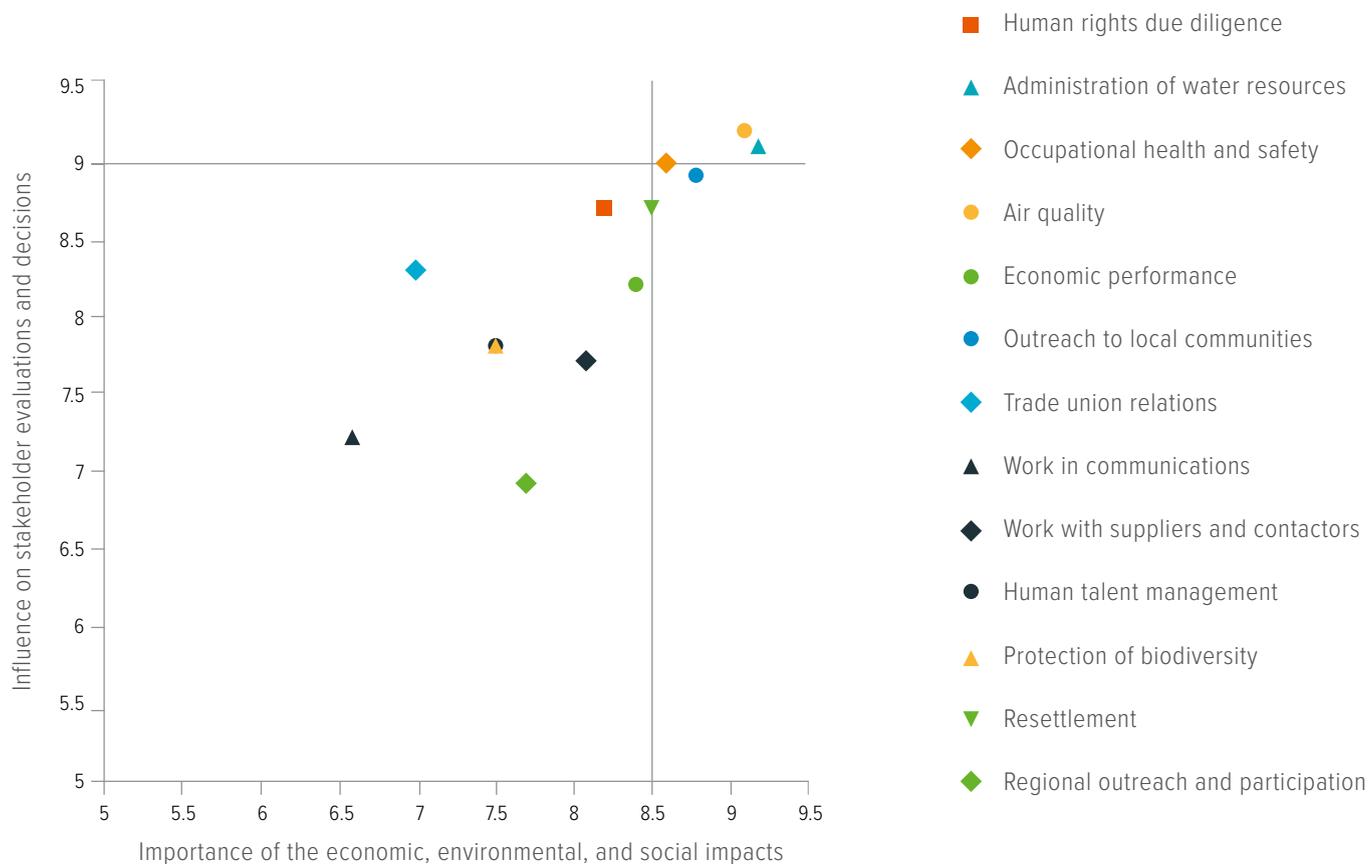
influence the decisions of the stakeholders we have identified. Such an analysis also allows us to determine a baseline for defining the content of our reports and the boundaries of each topic.

With the purpose of exploring the material topics, in 2018, we reviewed and updated our materiality analysis. This took into account the following inputs:

- GRI standards
- Baseline for the materiality report "Update of the materiality analysis 2016"
- Drummond's Corporate Social Responsibility Strategy
- Human Rights Strategy

Based on these inputs, we updated the **materiality analysis, producing as a result the following material topics:**

Graph 1. Materiality at Drummond Ltd.



The assessment of the topics led to their spatial placement on a Cartesian map where the horizontal axis (**X**) represents economic, environmental, and social impacts for Drummond Ltd., and the vertical axis (**Y**) represents their influence on stakeholder assessments and decisions. The graph identifies 13 material topics that were presented and approved in a meeting on May 18, 2018. **Also defined were the boundaries for the material topics and the report content.**

- “Socio-economic study of homes in the municipalities in the area of influence of the Drummond Colombia operation” Grupo DIS 2016
- Report: “Identification, mapping, and consultation of relevant stakeholders,” Grupo DIS 2016
- Materiality in the mining sector
- International standards: Global Compact and the Standards of the Sustainability Accounting Standards Board (SASB).
- News about Drummond and the mining sector in Colombia



Due Diligence in Human Rights

By incorporating Corporate Social responsibility into all of its business activities, Drummond works toward the UN's Agenda for Sustainable Development. The information included in the sub chapter on Due Diligence in Human Rights targets:

CSR Strategy

To impart and strengthen skills



Peace and human rights

Training and promotion

- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



Comprehensive development

- Education and training
- Creating opportunities
- Working environment



Environmental performance

- Environmental sustainability
- Conservation and restoration



1

Peace and human rights

GRI CONTENT

SDG TARGET

406-1 Incidents of discrimination and corrective actions taken.

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

16.1 Significantly reduce all forms of violence and related death rates everywhere.

408-1 Operations and suppliers at significant risk for incidents of child labor.

16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children.

8.7 Take immediate and effective measures to eradicate forced labor, and modern slavery and human trafficking. In addition, by 2025 end child labor in all its forms.

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor.

8.7 Take immediate and effective measures to eradicate forced labor, and modern slavery and human trafficking. In addition, by 2025 end child labor in all its forms.

410-1 Security personnel trained in human rights policies or procedures.

16.1 Significantly reduce all forms of violence and related death rates everywhere.

16.10 Ensure public access to information and protect fundamental freedoms.

411-1 Incidents of violations involving rights of indigenous peoples.

412-1 Operations that have been subject to human rights reviews or impact assessments.

412-2 Employee training on human rights policies or procedures.

16.10 Ensure public access to information and protect fundamental freedoms.

412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

16.10 Ensure public access to information and protect fundamental freedoms.

MM5 Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities.





TO DRUMMOND, IT IS VITALLY IMPORTANT TO FULFILL ITS COMMITMENT TO PROMOTE AND RESPECT THE HUMAN RIGHTS OF ALL PEOPLE INVOLVED IN OUR OPERATIONS IN COLOMBIA AND THOSE LIVING IN OUR AREAS OF INFLUENCE.

[GRI 103-1]

As a company with influence and operations in different sectors of the country,

we understand our responsibility for creating incentives for peaceful coexistence and business performance that will further the sustainable development of the communities and the fiscal integrity of all people, so they can coexist in a healthy environment where they can live and work with dignity.

For that reason, across the board, our conduct is in line with international regulations and standards¹ as we implement practices that promote respect for human rights and allow us to develop our related corporate policies.

At Drummond Ltd. we have identified the relevant risks associated with our mining and port operations, originating either directly from the company or through our contractors. These are mainly issues related to employment, occupational health and safety, resettlement, and public order. We also maintain relations with the public sector, in on-going communication and pursuing coordination on security matters.

We have developed instruments for risk management, involving our workers and suppliers, in order to mitigate the possible impacts described in the chart below:

Our conduct is in line with international regulations and standards as we implement practices that promote respect for human rights and allow us to develop our related corporate policies.



1. Drummond Ltd.'s references are the United Nations Guiding Principles for Business and Human Rights, the Voluntary Principles on Security and Human Rights, and the Colombian government's Action Plan for Human Rights and Business.





Environmental risks

IMPACT

Impact on air quality in areas near the mine, which would affect the right of our employees and nearby populations to a healthy environment and to the enjoyment of good health.

MANAGEMENT APPROACH

[103-2]

Since 2017, we work continuously to identify and monitor environmental impacts, and the majority are managed in the framework of the ISO 14001 Environmental Management System.

In addition, we have a channel for our stakeholders to report concerns, especially the communities. The goal is to learn of, analyze, and resolve situations about which people express discontent, regardless of whether the situations are real or merely perceived.



Labor risks associated with occupational health and safety

IMPACT

Impact on the right to a healthy life in some cases, or, in other cases, to quality of life.

MANAGEMENT APPROACH

[103-2]

We share information continually about the “Employee Manual,” which includes the personnel selection and hiring, the human resources, the communications, and the human rights policies.

In the supply chain, we make sure our contractors, subcontractors, and suppliers adopt labor and occupational health and safety management systems that meet our company’s requirements. We do this by incorporating clauses in the contracts and establishing mechanisms for monitoring contractor compliance, such as audits.

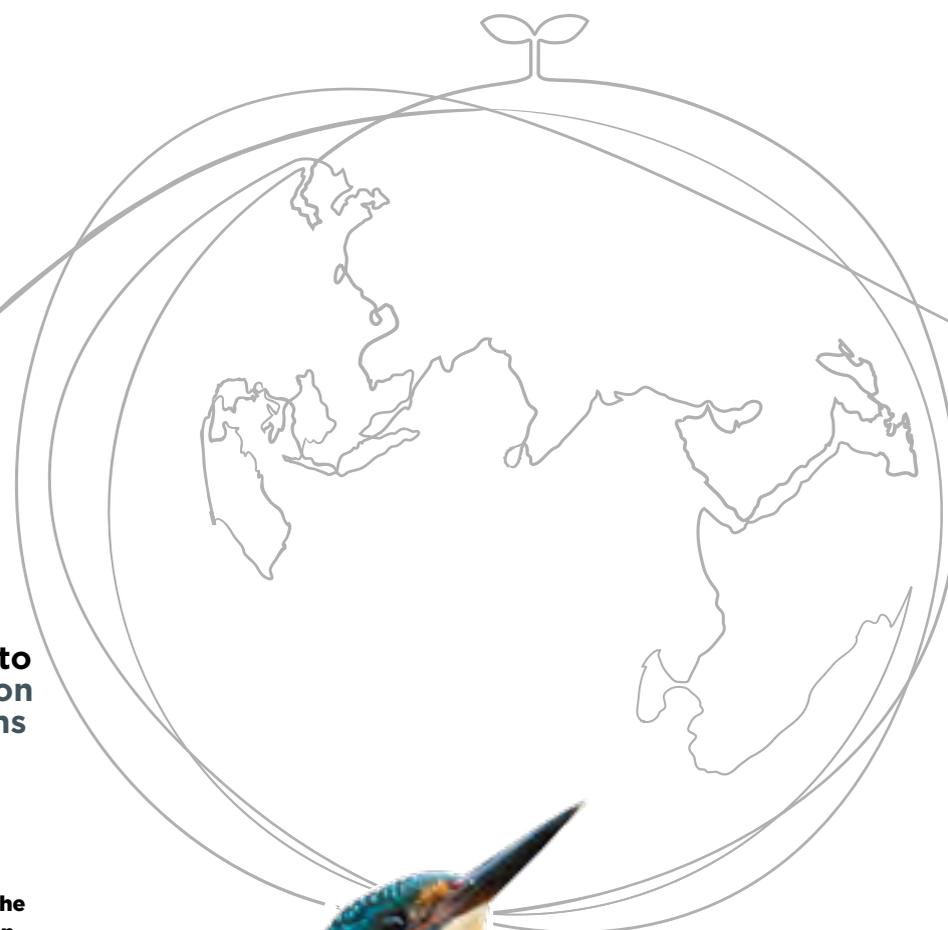
We manage occupational health and safety in the framework established by law, and we watch to make sure our contractors proceed in like manner. In addition, we standardize all actions in this area through the OHSAS 18000 Occupational Health and Safety Management System.

We have a channel for reporting labor irregularities, called the Mechanism for Reporting Irregularities and Filing Grievances. This mechanism guarantees anonymity and pursues resolution of complaints and controversies through agreements and dialogue.

MECHANISMS FOR EVALUATION OF THE APPROACH

[103-3]

- External and independent audit by Bettercoal. This organization is made up of electric power production companies in Europe. It determined a set of standards and a code of conduct that promote good behavior in the value chain
- supplying their raw materials. Its annual audits (carried out with expert firms such as ERM Consultores) analyze different aspects of Drummond’s performance and practices to make sure the company adheres to its principles and standards.
- External and independent audits by international companies such as RWE and EnBW, also members of Bettercoal, that confirmed Drummond Ltd.’s good performance in the area of human rights.
- ISO 14001 and OHSAS 18001 certification.
- Internal monitoring on a semester basis of the execution of the management measures.
- Observations made by stakeholders in arenas for dialogue organized by the Company to disseminate the human rights strategy and request feedback.



Risk of acquiring property rights to properties subject to dispossession or forced displacement for reasons of public order

IMPACT

The unintended consequence of consolidating dispossession and forced displacement, which is the most frequently occurring failure to respect human rights in Colombia.

MANAGEMENT APPROACH

[103-2]

We are promoting an initiative for constructive conversations with the goal of rebuilding trust between the stakeholders interacting in the mining corridor in Cesar.

We have also signed a joint declaration rejecting threats to people's lives and integrity.



MECHANISMS FOR EVALUATION OF THE APPROACH

[103-3]

- We have two mechanisms for reporting concerns that have the main purpose of learning about, analyzing, and resolving possible violations of rights. These mechanisms also permit the identification of possible deficiencies (real or perceived) that could be systematic.
- The first reporting mechanism is available to our employees and is managed by the Human Rights vicepresidency. The second targets other stakeholders, especially the communities, and is managed by the Community Relations Department.
- Both mechanisms have been studied to identify opportunities for improvement, adjusting them to the criteria determining that grievance mechanisms should be legitimate, accessible, predictable, equitable, transparent, and rights-compatible, and must promote learning, participation and dialogue, as instructed in the United Nation's Guiding Principles on Human Rights and Business (UNGP).

Failures in managing involuntary resettlement

IMPACT

Impact on the right of citizens to participate in decisions that affect them.

MANAGEMENT APPROACH

[103-2]

We work to build a constructive relationship with organizations that are critical of resettlement processes. The idea is to transform the situation into an opportunity to create value by improving the living conditions of the communities relative to those same living conditions prior to resettlement. This is all done through dialogue and consensus, understanding needs and making commitments.



Human rights risks related to public and private security services

IMPACT

- **Impact on the right to life, integrity, and freedom on the part of noncombatants and citizens protesting what they believe to be unfair conditions, whether well-reasoned or not.**
- **Violations of human rights or international humanitarian law by public security forces in our area of influence.**
- **Violations of human rights or international humanitarian law by our contractors or employees.**
- **Excessive use of force by the armed forces and police during blockades.**
- **Violence against Drummond.**
- **Violation of international humanitarian law's "Principle of Distinction" when concrete military assistance is provided.**

MANAGEMENT APPROACH

[103-2]

In 2018, we began work with an outside advisor to generate protocols for action in the case of events that could affect or compromise the physical integrity of our employees and/or stakeholders. This work has developed three protocols and is still underway.

With the military forces and police we have set up systematic communication that provides education on protecting human rights. Though we understand that the public security forces

train constantly in this area, Drummond Ltd. believes it is essential to reiterate the importance of protecting human rights in our area of influence.

In the area of private security services, we changed the contractor providing private security services. To properly make the transition with the new security contractor, we asked it to develop a human rights strategy aligned with Drummond Ltd.'s, which, to date, has been successfully executed.

- Efforts to improve grievance mechanisms are also inspired by the recommendations of CREER-IHRB² and by the Working Group on Human Rights and Coal, of which we are members. In addition, during sessions to talk about our human rights strategy with all stakeholders,

we systematically disseminate information about the mechanism for reporting grievances.

2. Regional Center for Responsible Business and Enterprise (CREER-IHRB)

- If our security personnel detect an intrusion of outside personnel not involved with the operation, our policy with communities is to place those individuals in the hands of the public security forces, with the respective written report and an official certificate guaranteeing good treatment.
- With the military forces and police, anytime new personnel arrive or we receive a visit from members of the public security forces, we talk about human rights and create an official supporting document describing the topics covered.
- The security company sends a periodic report on human rights training sessions.



Our proactive contributions to the exercise of human rights include:

- Decent and well paid work
- Environmental management regulated and supervised by the State
- Improvements in access to education
- Strengthening of healthcare infrastructure
- Local purchasing and contracting to spark dynamism in other sectors
- Voluntary social investment to strengthen institutions
- Generation of royalties and tax payments
- Promotion of peaceful coexistence with former combatants and communities
- Trust-building arenas to prevent conflict and promote agreements



[103-1]

Incidents of discrimination, child labor, or forced labor

[103-2]

[103-3]

[406-1]

[408-1]

[409-1]

No cases of discrimination, child labor, or forced labor were identified at Drummond Ltd. in 2018

by our formal mechanisms (Channel for Reporting Concerns, Ethics Hotline).

At Drummond Ltd. we prohibit all types of child labor, discrimination, and forced labor, respecting and governed by the applicable regulations and laws established in Colombia and in international agreements, principles, and declarations. This compliance is reaffirmed in our human

resources, selection, and recruiting policies, and in our Code of Conduct³.

In the framework of due diligence, at Drummond Ltd. we dialogue with employees, trade unions, contractors, and suppliers who have their operations on the ground, with the national government, and with peer enterprises. Through this engagement, we are able to monitor other links in the value chain to analyze in greater detail any situations that represent potential risks.

Forced labor

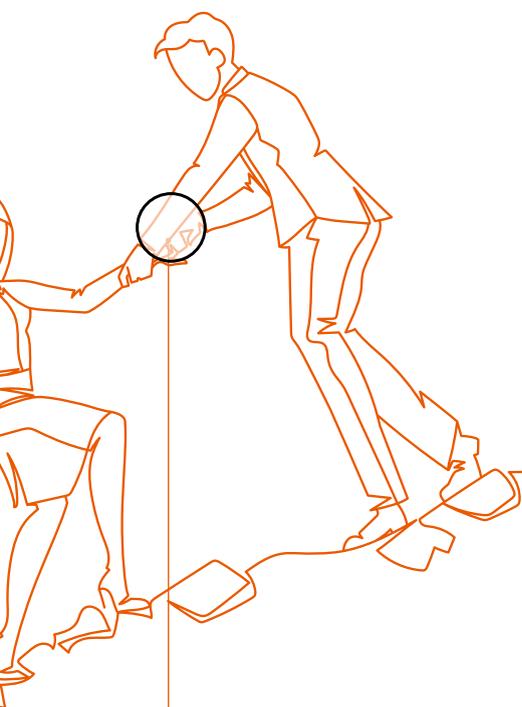
[409-1]

To prevent and eliminate all types of forced labor in the company, we have opted for the following measures:

Random audits of contractors to evaluate different aspects, including compliance with:

- Contract processes
- Remuneration policies
- Personnel working hours and shift patterns
- Contributions to Social Security

3. <http://www.drummondLtd.com/wp-content/uploads/Human-Resources.pdf>
<http://www.drummondLtd.com/wp-content/uploads/Code-of-Conduct-approved-RM.pdf>
<http://www.drummondLtd.com/wp-content/uploads/SELECTION-AND-RECRUITMENT-POLICY-CHANGE.pdf>



Discrimination

[406-1]

Our human resources, selection, and recruitment policies⁴ as well as our Code of Conduct demonstrate the organization's position on the risk of discrimination, and provide guidelines on mechanisms for identifying incidents and dealing with them.

We have channels for complaints and grievances that can be used to report situations of discrimination⁵ (Channel for Reporting Concerns, Ethics Hotline).

Child labor

[408-1]

- Our hiring processes do not permit the employment of workers under the age of 18 years.
- We include clauses in our Contractors' contracts to provide services that require them to terminate any type of employment agreement with minors.
- At Drummond Ltd. we have channels for complaints and grievances⁶ that communities, suppliers, and contractors can use to report any incident associated with child labor.
- We have security checkpoints to control the entrance of personnel to our mining and port operations using identification cards, making it impossible for minors to access the operations and company facilities.
- We implement preventive controls to identify cases of child labor. For example, we make random inspections of payments to Social Security and to contractors. Additional controls include audits, and informative sessions on Drummond Ltd.'s policies and requirements for contractors, along with specific clauses connected with this area included in contracts.

4. <http://www.drummondLtd.com/wp-content/uploads/Human-Resources.pdf>
<http://www.drummondLtd.com/wp-content/uploads/Code-of-Conduct-approved-RM.pdf>
<http://www.drummondLtd.com/wp-content/uploads/SELECTION-AND-RECRUITMENT-POLICY-CHANGE.pdf>

5. <http://www.drummondLtd.com/wp-content/uploads/MECHANISM-TO-REPORT-IRREGULARITIES-PRESENT-CLAIMS-signed.pdf>
atencionalusuario@drummondLtd.co

6. <http://www.drummondLtd.com/wp-content/uploads/MECHANISM-TO-REPORT-IRREGULARITIES-PRESENT-CLAIMS-signed.pdf>
atencionalusuario@drummondLtd.co



[410-1]

Security personnel trained in human rights policies or procedures



100% of security personnel, our own and that of third parties, has received formal training in the organization's policies and in specific procedures related to human rights and their application to security.

Security personnel play an important role in our organization,

because they are responsible for keeping the operation safe and productive, in strict compliance with our Security and Protection Policy. This policy has five specific objectives, in addition to informing the pertinent authorities when the Company obtains information that represents a risk to one or several people. At Drummond Ltd. we are aware of security issues, and we include them in our human rights education and training strategy in order to strengthen workforce competencies.

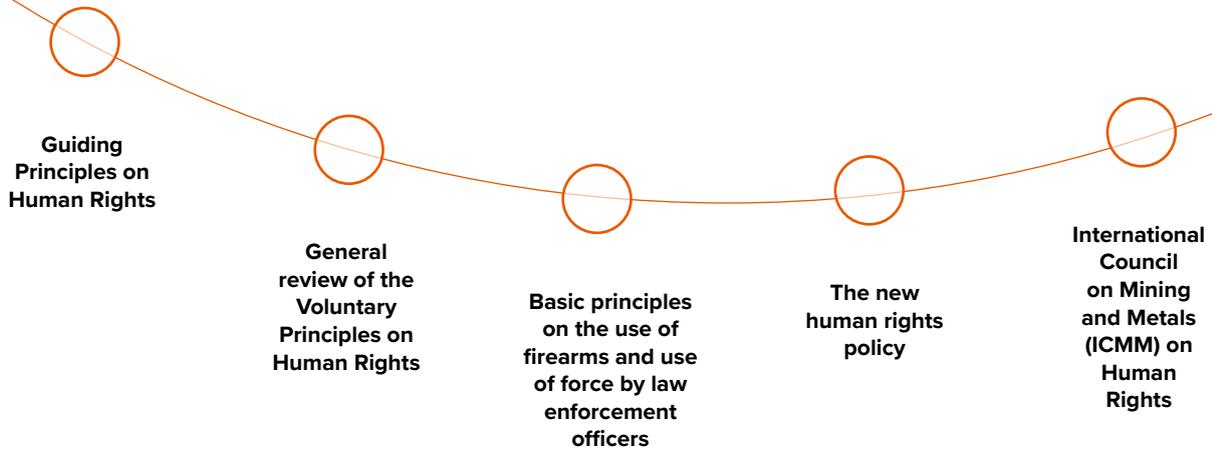
As of June 1 in the mining operation, we have a new provider of private security services, called SEVIN. Following our directives, SEVIN trained all of its personnel in the Voluntary Principles on Security and Human Rights, defined a human rights policy in line with that of Drummond, and

created a pamphlet with all of the human rights information, which is disseminated to all of its personnel. In addition, it began a transition from lethal to nonlethal weapons, attaining a rate of 50% as of December 31, 2018.

Security in the port operation has been run by the company Viaservin Ltda. since December 1, 2012.

One hundred percent of security personnel, our own and that of third parties, has received formal training in the organization's policies and in specific procedures related to human rights and their application to security. The training sessions at the mine take place in a cycle where a specific topic is reinforced once a week for three weeks, in such a way as to cover all members of the department. The training sessions covered these topics:





These topics are highly applicable because they help identify and prevent social conflicts derived from the mining operation, through proper risk studies in human rights and the systematic preparation of management plans that establish a harmonious relationship with the authorities and the communities in the area of influence.

The most relevant conflicts we are currently managing are the following:





[412-1]

Human Rights Assessment

Impact assessments of human rights management have been done by 100% of the segments in the value chain of our mining and port operations, generating action plans to maintain and improve performance in the area of human rights. Here are three examples of the risks in this matrix and the methods for managing them:

Risk: Negative impact



On the environment

(beyond thresholds in permits and the environmental license):

- Internal audits to assess and certify compliance with the Environmental Management System.

- **MANAGEMENT METHOD:** Audits and ISO 14001 certifications done by Lloyd's Register.



- Consultations with outside stakeholders to share information about the Environmental Management System and make sure there are no other risks not identified.

- Although this risk refers to impacts beyond the thresholds in permits and/or licenses, we must emphasize that we receive continuous visits and inspections from government regulatory agencies and independent bodies.



On the social environment

- We dialogue with stakeholders so we can take their perspective into account in our diagnosis and in management measures for risks that could have a negative impact on the social environment.
- We design stakeholder engagement relative to human rights management. The core of this effort is exposure for the human rights strategy in order to receive feedback. This is in line with the principles of inclusion, materiality, and response that are implicit in the UNGP and the Voluntary Principles and explicit in the AA1000 series of standards and other benchmarks.
- We engage with our employees, trade unions, contractors, communities, and local authorities.
- With the Working Group on Human Rights and Coal, we have made progress in reflecting on the best way to proactively engage with all stakeholders, which will be enriched by the results of the work being done by CREER-IHRB to build trust.



Risk: Violations of Human Rights or International Humanitarian Law by public security forces in our areas of influence:

- We frequently communicate with the military forces and police our commitment to respect human rights and International Humanitarian Law, and to using as instruments the Voluntary Principles on Security and Human Rights and the United Nations Guiding Principles on Business and Human Rights. We do this in formal communications, minutes of joint meetings, PowerPoint presentations, physical security induction talks upon entering the field, and email messages.
- We reinforced the guidelines and printed instructions for training all personnel assigned to the military units located in the mining complex. These instructions are for mandatory compliance for all Security Department personnel. A photographic and documentary record is kept of assistance at the respective training sessions.
- We invite public security forces to talk with us about the human rights risk analysis, in order to improve it.
- We hold regular meetings with the public security agencies in order to exchange security information and deal with concerns related to human rights and International Humanitarian Law.



[412-2]

Employee training on human rights policies and procedures

The following are the results in numbers for human rights training sessions organized by the company.

Table 1. Human Rights Training

● Total training hours for workers on human rights policies and procedures relevant to the operations.

● Total training hours for security personnel on human rights policies and procedures relevant to the operations.

● Total number of employees at year end.

74 2018	219 2018	5,164 2018
8,190 2017	55 2017	5,001 2017
2,345 2016	- 2016	4,946 2016
3,015 2015	- 2015	4,992 2015

[412-3]

Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

Drummond defines significant investment agreements

as those managed by our company's Contracts area for the supply of goods or services that are essential to the operation. They normally have a value of more than US\$ 100,000 per year, although on an exceptional basis there may be some with a value lower than that figure.

There are 92 significant investment agreements and contracts signed by Drummond Ltd., equivalent to 75% of the total, that include human rights clauses or have undergone human rights screening. This figure increased by 21 agreements, equivalent to 18 percentage points, in comparison to 2017.

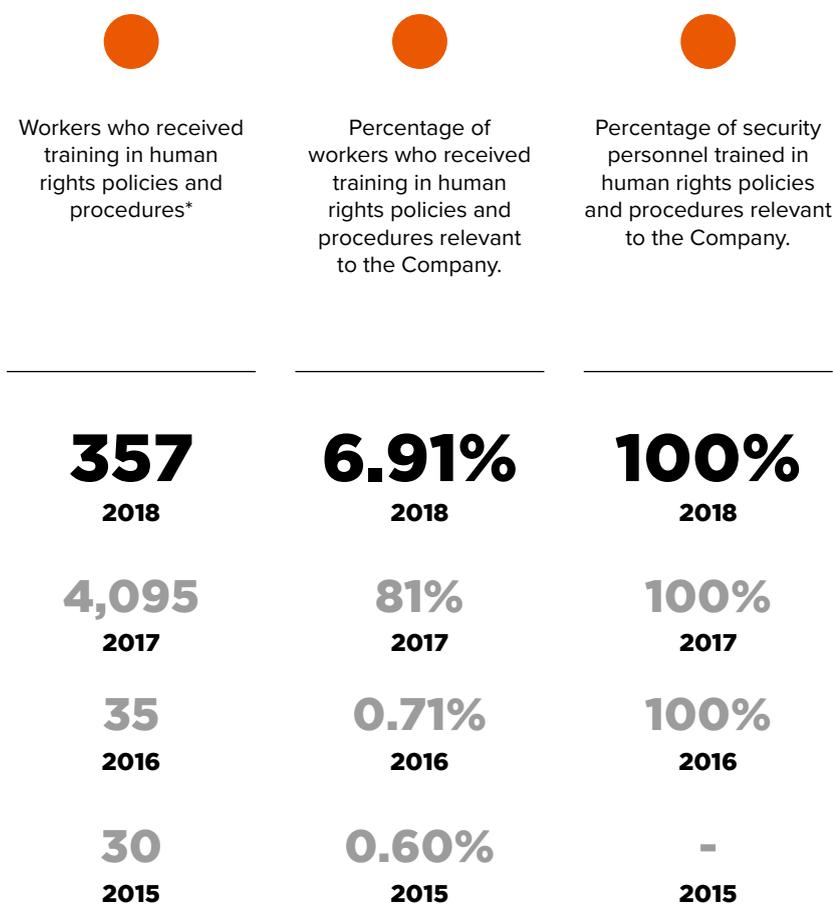
With the purpose of expanding the human rights strategy to cover more suppliers and contractors, as well as other stakeholders:



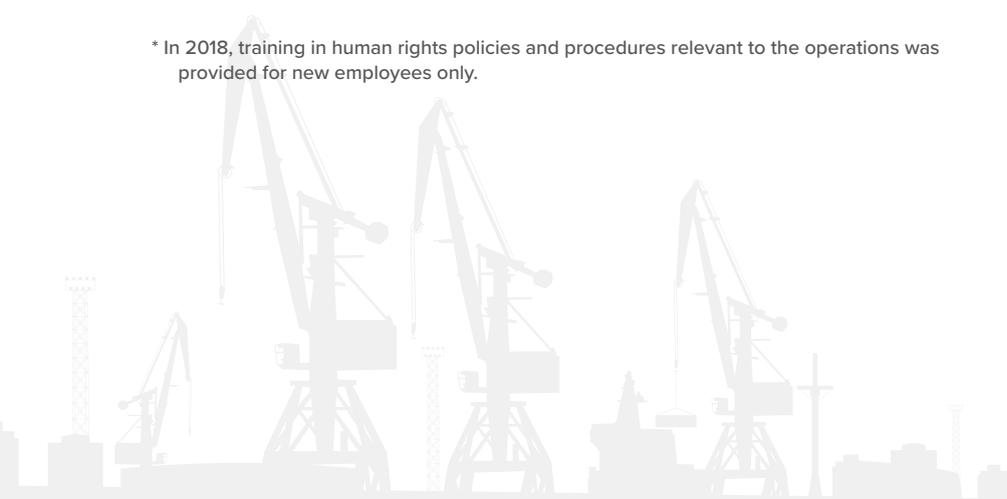
Since 2015, the Appendix to the Terms and Conditions of commercial arrangements entered into with Drummond Ltd. includes, in clause 39, a commitment by the parties to understand basic human rights and provide services in strict compliance with them.



We hold sessions with suppliers and contractors to talk about the human rights strategy in order to elicit a commitment to the policy on their part, disseminate information about risks and management measures, and receive feedback.



* In 2018, training in human rights policies and procedures relevant to the operations was provided for new employees only.





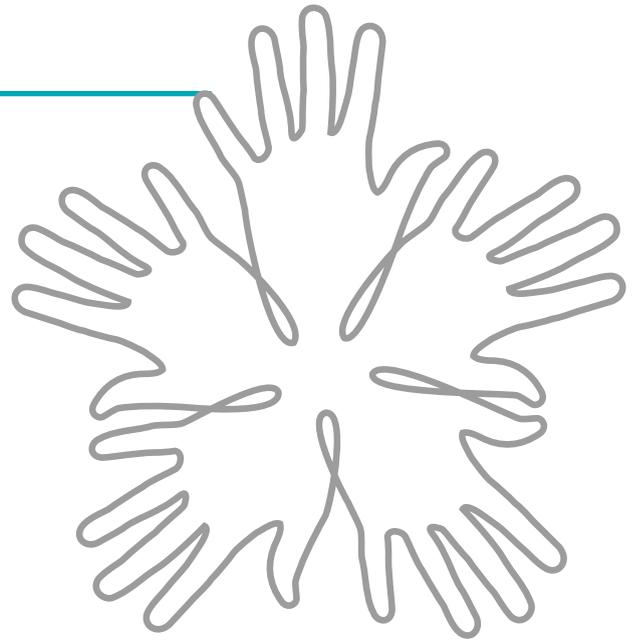
Milestones

Our private security company implemented a policy to make sure site security measures are gender-sensitive and non-intrusive. It has therefore hired female personnel to be able to respond to any possibility and/or specific requirements.

SEVIN, the new provider of security services for our mining operations, following our directives, **trained 100% of its employees in human rights issues.**

We weave human rights topics into our security culture as an integral part, making it a strategy that cuts across the full spectrum of security management. All the information on progress made in the execution of the strategy was gathered on the two cut off dates or within the following two months. Only in 3% of management measures were no advances made by the close of the year, similar to the previous year.

We participate actively in the “Working Group on Human Rights and Coal,” which includes other mining companies, the Presidential Counselor for Human Rights, the Ministry of Mines and Energy, and the National Mining Agency.



These were the achievements of the Working Group on Human Rights and Coal:

- It wrote, signed, and issued on June 7, in Valledupar, the “Joint Declaration Rejecting Threats to People’s Lives and Integrity” in conjunction with CREER, the Ministry of the Interior, the Ministry of Mines and Energy, the Presidential Counselor for Human Rights, the Governor of Cesar, the Governor of La Guajira, Grupo Prodeco, Drummond Ltd., Cerrejón, CNR and the Ideas para la Paz Foundation.
- It developed and issued version 0 of the ROADMAP - PROCEDURE FOR PROTECTION AGAINST THREATS AGAINST LIFE AND INTEGRITY and developed the declaration referred to in the point above, which was issued on November 7. This procedure helps clarify what companies should do when they receive information regarding such threats.
- It supported the trust-building process developed by CREER in Cesar with support from the Embassy of the Netherlands.
- It developed reflections on managing the risk of dispossession and good faith free from fault under Law 1448; on the protection of minors at risk of commercial sexual exploitation; and on possible synergies between members of the Working Group with these purposes in mind.

The Working Group on Human Rights and Coal received recognition through:

- Exposure provided by CREER in the 2018 United Nations Forum on Business and Human Rights in Geneva, Switzerland of the work being done jointly between the government, civil society, and private enterprise for better protection of people's lives and integrity.
- Sharing the Working Group's advances with Bettercoal during its visit to Colombia.
- Drummond Ltd.'s cooperation, as a member of the Working Group, with gold-mining companies that founded their own equivalent Working Group on Human Rights.
- Its contributions to developing the "Human Rights Policy of the Energy-Mining Sector."
- Its contributions to a review of the National Action Plan for Human Rights and Business.

We were a proactive member of the "Mining and Energy Committee on Security and Human Rights," participating on the outreach and communications committees, and we were chosen as the coordinator of the latter of those two committees.

We continued working to develop social dialogue and best practices with our stakeholders, such as the arenas for sharing thoughts on trust-building designed by CREER-IHRB and the Consensus Building Institute (CBI) from Harvard, and the regional roundtables organized with participation from the Governor's office, mayors, PDP Cesar and other mining companies.

Commencement of the trust-building process in the department of Cesar to transform conflicts and generate agreements.

We are in second place for overall reputation in the Colombian mining sector, and **60%** of the news stories in the national press are positive, with another **30%** neutral.

Challenges

2019

Every six months, review and update the human rights risks matrix for each party responsible. In other words, increase the efficiency of managing human rights information.

2019

Increase the reduction in lethal weapons to 60%.

[Continue with the transition to non-lethal weapons.](#)

2019

Approve and implement protocols for different events that could affect the physical integrity of employees or stakeholders.

[Get approval and implement the three protocols for actions in the area of security.](#)

2019 and 2020

Continue with the trust-building project in the department of Cesar with the multi-actor skills-development program (CREER-CBI), arenas for encounter, and the implementation of agreements.



2 Comprehensive Development

Human talent management

By incorporating Corporate Social Responsibility into all of its business activities, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information presented in the Human Talent Management subchapter targets:

CSR Strategy

To impart and strengthen skills



Peace and human rights

- Training and promotion
- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



Comprehensive development

- Education and training
- Creating opportunities
- Working environment



Environmental performance

- Environmental sustainability
- Conservation and restoration



GRI CONTENT

SDG TARGET

401-1 New employee hires and employee turnover.

8.6 Substantially reduce the proportion of youth not in employment, education or training.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

401-3 Parental leave.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

404-1 Average hours of training per year per employee.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

4.3 Ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including college.

4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

404-2 Programs for upgrading employee skills and transition assistance programs.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

404-3 Percentage of employees receiving regular performance and career development reviews.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

405-1 Diversity of governance bodies and employees.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

405-2 Ratio of basic salary and remuneration of women to men.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



AT OUR COMPANY, WE KNOW THAT PROPERLY AND CONTINUALLY MANAGING HUMAN TALENT IS IMPORTANT, BECAUSE IT MAKES IT POSSIBLE TO MEET CORPORATE STANDARDS AND REACH GOALS AND STRATEGIC OBJECTIVES FOR EACH ROLE IN OUR ORGANIZATION.

[103-1]

Matters such as training and development for our workforce, strengthening labor relations and organizational culture, as well as equal opportunities for work, are vital to the effective growth and development of our operation. These things give us tools for managing the risks associated with this group of stakeholders and for maintaining a healthy working environment. At the same time they help us cultivate productivity with increasingly specialized knowledge, encourage a business culture of teamwork, and experience pride in a job well done.

[103-2]

The whole operation in Colombia has policies for selection and hiring, human resources, and salary, and we have the Employee Manual¹ that is given to each employee upon joining the company or whenever the manual is updated. We also have regular training sessions focused on developing the person and job competencies (detailed information can be found on the webpage²).

We have three focuses for managing human talent used by the Human Resources area in order to select people that meet the required profiles and our company's organizational objectives:

The whole operation in Colombia has policies for selection and hiring, human resources, and salary, and we have the Employee Manual that is given to each employee upon joining the company or whenever the manual is updated.

1. Documents that establish guidelines and actions for retaining human talent in order to conserve knowledge and experience, as well as generate well-being and quality of life for employees.
2. <http://www.drummond.com/about-us/our-commitment/?lang=en>

Selection and hiring focus

RESOURCE OR POLICY

Our selection process gives priority to hiring local candidates or those who can demonstrate having lived locally for a determined length of time.

OBJECTIVE

To hire the right personnel, with high professional and ethical standards, capable of rising to the organizational challenges and adapting to the dynamic of the employment relationship.

Compensation and benefits focus

RESOURCE OR POLICY

We have designed a compensation arrangement that will attract, motivate, and retain the human talent necessary to meet the organization's objectives. In addition, we have programs related to education, healthcare, housing, savings, recreation, well-being, and other areas, for our employees and their families.

OBJECTIVE

To generate well-being and quality of life for our employees and their families.

Labor Relations focus

RESOURCE OR POLICY

We have diverse programs and arenas for fomenting organizational competencies for effective communication, trust-building, and a focus on health, safety, and the environment.

OBJECTIVE

To create a working environment where values stand out such as respect, communication, and tolerance, through a focus on the conduct and behavior of our personal.



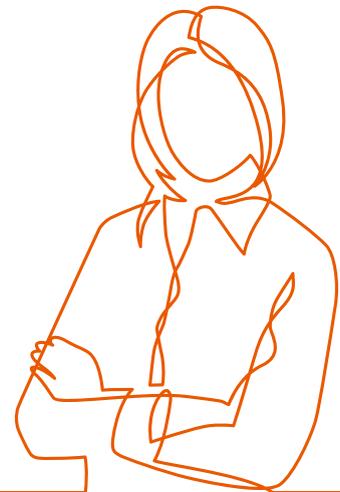
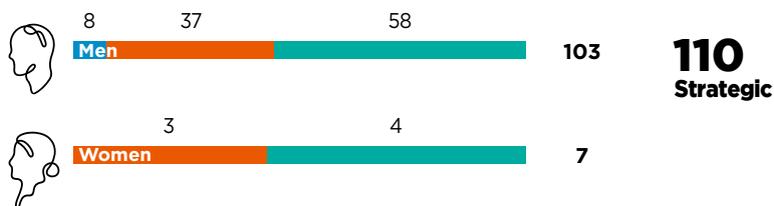
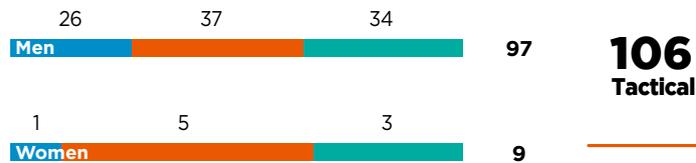
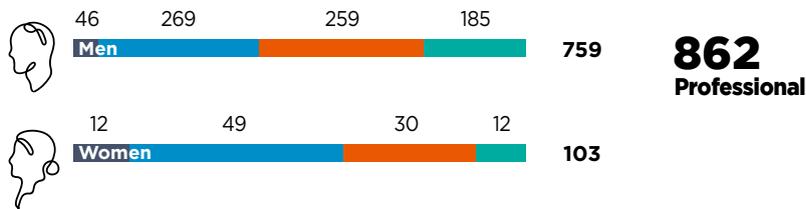
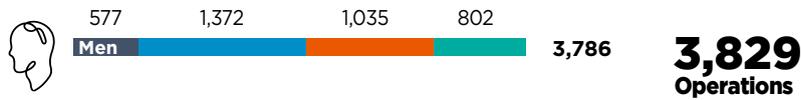
[103-3]

As a mechanism for monitoring our work, we have an Internal Audit Department that conducts tests to identify findings or recommendations for processes. This helps strengthen internal controls and mitigate the risks inherent to each process. During 2018, our Human Resources Department was not audited.



[405-1] In 2018, we had a team of 5,143 direct employees for the mining, port, and administrative operations in Bogotá, Valledupar and Cartagena:

Graph 2, Employee classification by age and level of position



- Employees under 30 years
- Employees over 30 under 40
- Employees over 40 and under 50
- Employees over 50 years

802

80



**Port Operation /
Cartagena**

74 **12**
Employees under 30 years old.

226 **31**
Employees over 30 and
under 40 years old.

248 **22**
Employees over 40 and
under 50 years old.

254 **15**
Employees over 50 years old.



4,096

100

**Mining and
hydrocarbon
operations/
Valledupar**



622 **21**
Employees under 30 years old.

1,527 **47**
Employees over 30 and
under 40 years old.

1,129 **28**
Employees over 40 and
under 50 years old.

818 **4**
Employees over 50 years old.



Graph 3, Employees by age, gender, and operation

4,936

207



TOTAL

698 **38**
Employees under 30 years old.

1,758 **87**
Employees over 30 and
under 40 years old.

1,394 **58**
Employees over 40 and
under 50 years old.

1,086 **24**
Employees over 50 years old.



38

27

Bogotá



2 **5**
Employees under 30 years old.

5 **9**
Employees over 30 and
under 40 years old.

17 **8**
Employees over 40 and
under 50 years old.

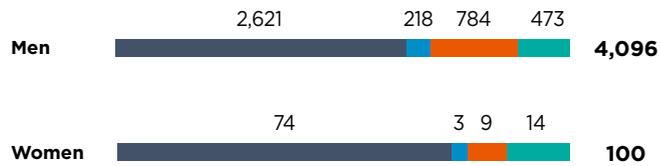
14 **5**
Employees over 50 years old.



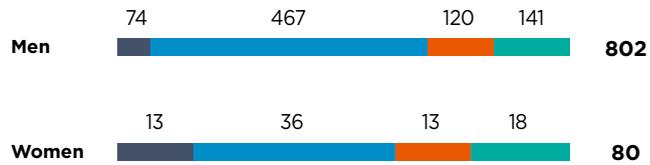
5,143
Direct employees



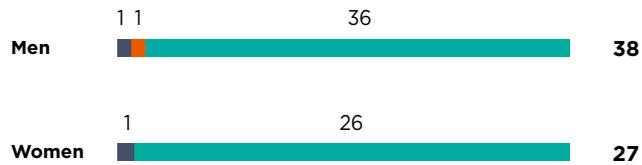
Graph 4, Total employees by region 2018



4,196
Mining and hydrocarbon operations/ Valledupar



882
Port operation / Cartagena



65
Bogotá

- Employees from the department of Cesar
- Employees from the department of Magdalena
- Employees from the Caribbean region
- Employees from other departments of the country



TOTAL



2,696

88

Employees from the department of Cesar

685

39

Employees from the department of Magdalena

905

22

Employees from the Caribbean region

650

58

Employees from other departments of the country

TOTAL EMPLOYEES

4,936
Men

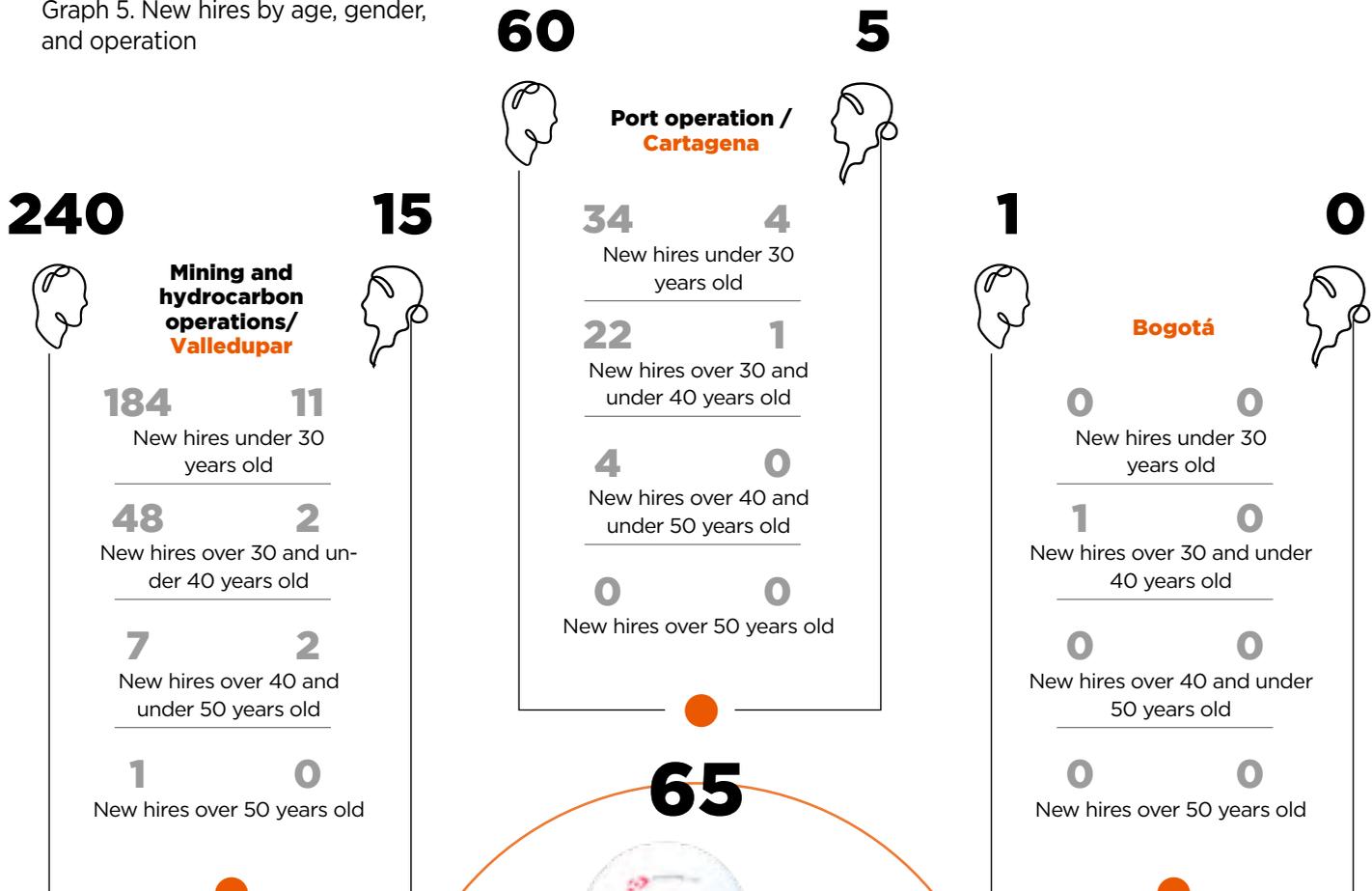
207
Women



[401-1]

We create jobs in all the areas of influence of our operation. This allows us to keep our workforce dynamic and with a demographic variety that contributes to the objective of effectively creating well-being and sustainable development:

Graph 5. New hires by age, gender, and operation



255

65

1





218 **15**
NEW HIRES UNDER 30 YEARS OLD

71 **3**
NEW HIRES OVER 30 AND UNDER 40 YEARS OLD

11 **2**
NEW HIRES OVER 40 AND UNDER 50 YEARS OLD

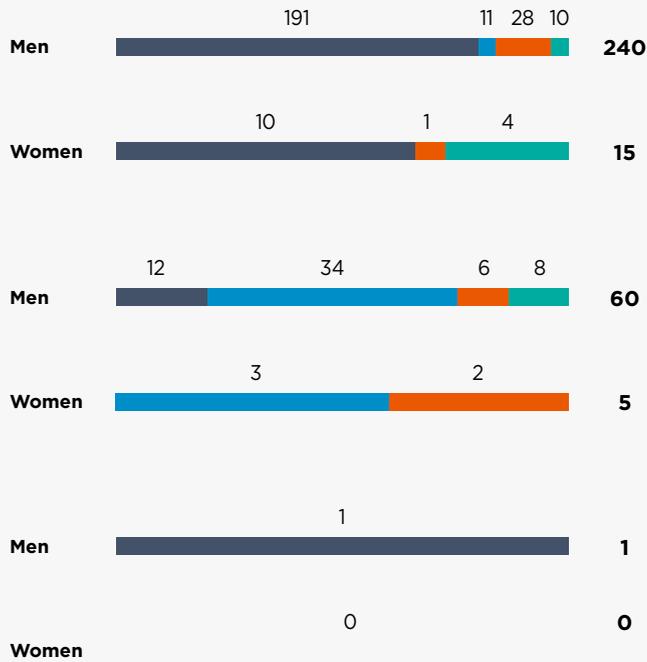
1 **0**
NEW HIRES OVER 50 YEARS OLD

TOTAL NEW HIRES

301
Men

20
Women

Graph 6. New hires by region, gender, and operation



255
Mining and hydrocarbon operations/Valledupar

65
Port operation / Cartagena

1
Bogotá



TOTAL



204 ● **10**
New hires from the department of Cesar

45 ● **3**
New hires from the department of Magdalena

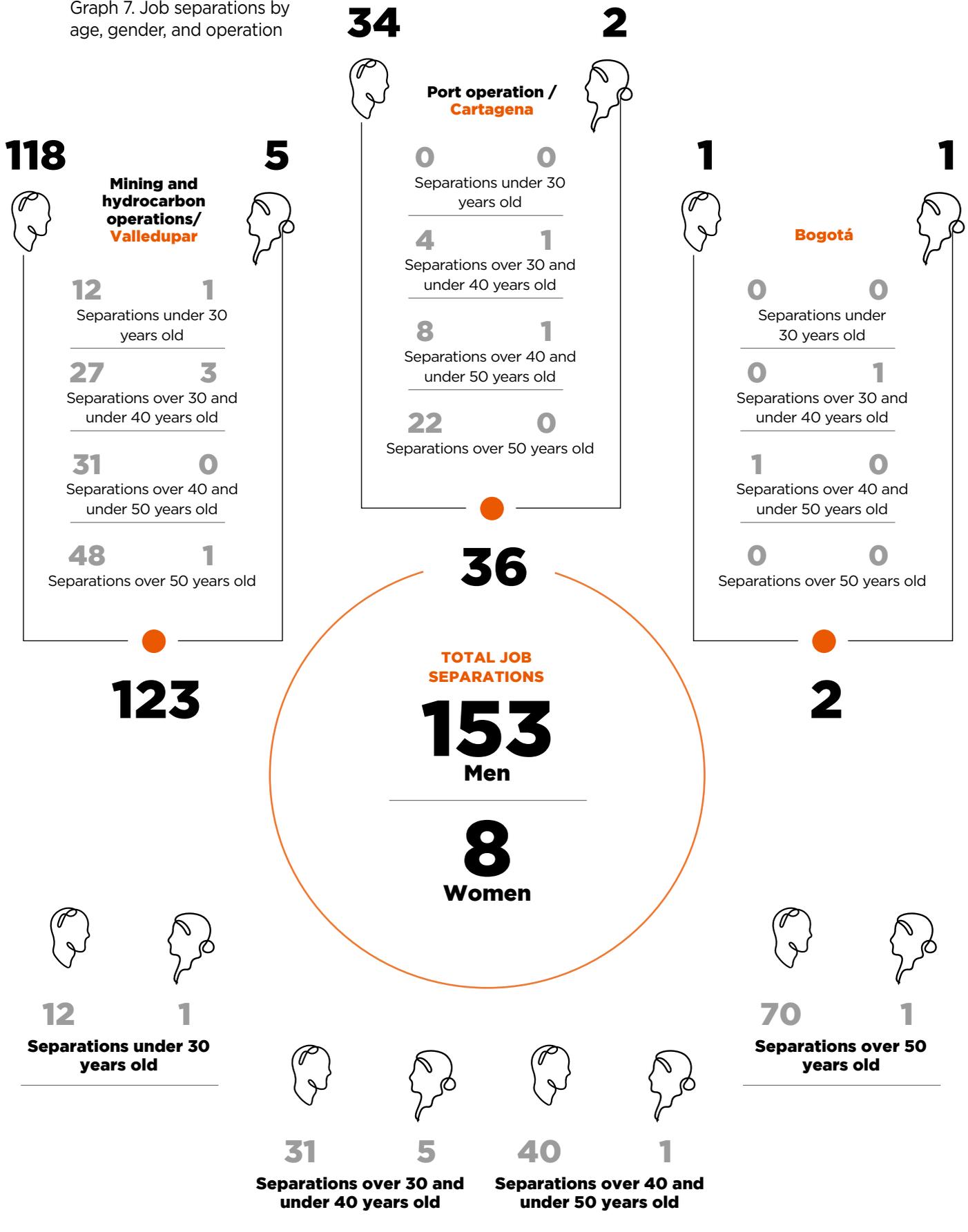
34 ● **3**
New hires from the Caribbean region

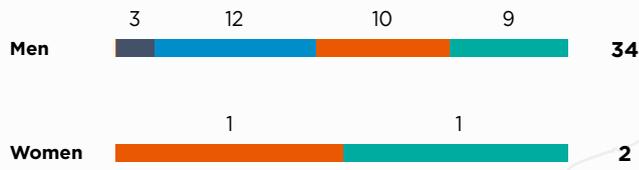
18 ● **4**
New hires from other departments of the country





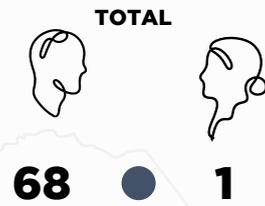
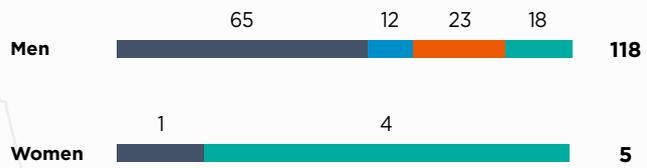
Graph 7. Job separations by age, gender, and operation





36
Port operation /
Cartagena

123
Mining and hydrocarbon
operations/ Valledupar



Separations of people from
department of Cesar

24 ● 0

Separations of people from
department of Magdalena

33 ● 1

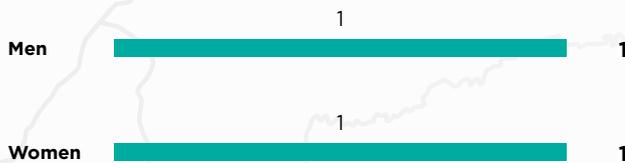
Separations of people from
Caribbean Region

28 ● 6

Separations of people
from other Departments of
Colombia

Graph 8. Separations by age, gender, and operation

2
Bogotá





[401-2]

With the goal of improving conditions for our workers and their families, we provide our direct employees, 98.03% of which are grouped in our mining and port operations, a variety of benefits additional to their basic compensation. These benefits are described in the collective employment agreements and/or in the Extralegal Benefits Program designed by the company.

They include:

- College scholarships for employees
- Hospitalization and surgery policy
- School and college subsidies for children of employees
- Life insurance
- Voluntary savings fund
- Transportation assistance
- Extra-legal bonuses
- Revolving home loan fund
- Relocation assistance

[401-3]

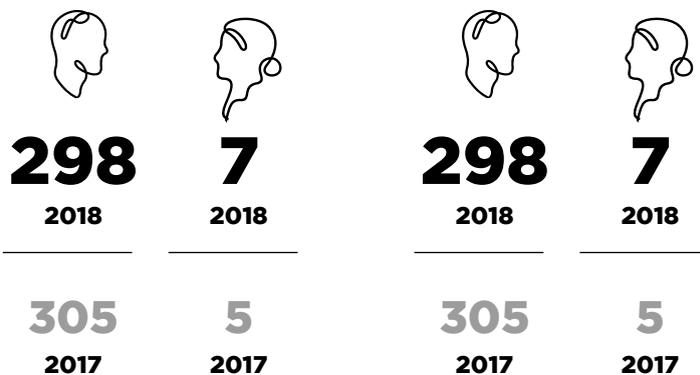
We also respect and promote the rights of our workers when they become parents:

Rates for return to work and retention after parental leave, broken down by gender



Number of employees due to return after a parental leave in the reporting period

Number of employees that did return to work after taking parental leave in the year of the report



Includes people whose leave terminated from January 1 to December 31 in the reporting year.

This is the figure of those who were due to return less those who resigned, whose contract finalized, or who were dismissed with or without just cause.



Return to work rate

Number of employees that did return to work after taking parental leave in the prior reporting year

Number of employees retained in the organization 12 months after returning to work following a period of parental leave



This is the figure of those who were due to return less those who resigned, whose contract finalized, or who were dismissed with or without just cause.

This takes into account all those people who from January 1 to December 31 of the reporting year completed one year after returning from parental leave.



Retention rate after a paternal leave





[404-1]

Employee training

[103-2]

Our training strategy is executed through joint work with the Training, Industrial Safety, Occupational Health, Human Resources, and Environmental departments, based on the following philosophy:



Provide training in knowledge and skills that have an impact on our organization.



Develop a workforce with multiple skills.



Reinforce safety and productivity by establishing and executing procedures for the work.



Provide quality training by identifying needs and selecting qualified instructors.

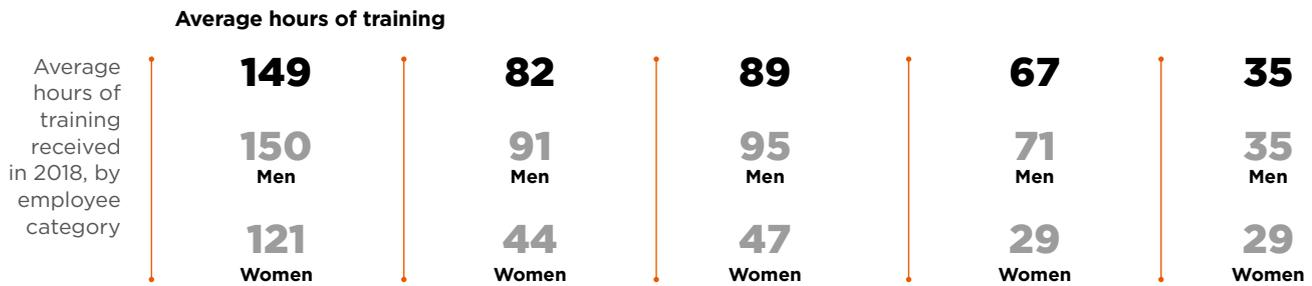
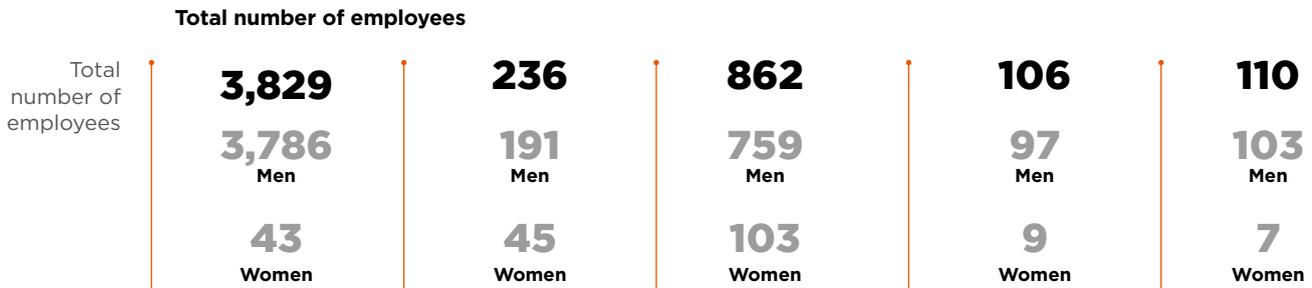
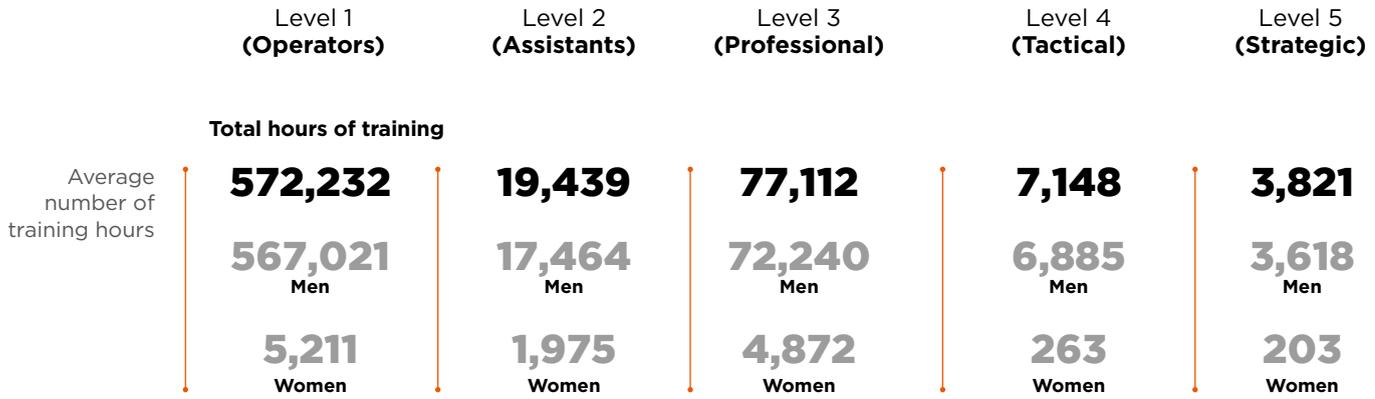


The activities and types of training sessions vary in accordance with the diverse profiles, positions, and roles in our organization, but include regular training, classroom training, training in the field, talks at the worksite, and safety campaigns, among others.

Information on training relative to hours of training, topics, and employee attendance is documented on the forms trainees sign. That information is later recorded and consolidated in our information system called TRASA.

Our training centers, one at the mining operations and the other at the port, are currently in the process of being recognized as UVAEs (Spanish acronym for Business Learning Vocational Unit) by the Ministry of Labor. These training centers have several classrooms equipped with audiovisual aids for teaching on different topics that will strengthen the competencies and skills of our employees.

Our training centers, one at the mining operations and the other at the port, are currently in the process of being recognized as UVAEs (Spanish acronym for Business Learning Vocational Unit) by the Ministry of Labor.





[404-2]

Drummond Ltd. runs several programs to teach skills and provides training in different areas in order to generate occupational health and safety, environmental, technical, and operations skills, in addition to personal competencies. We also have an education program for our employees, and provide opportunities for training outside the country.

The goal is to maintain and consolidate the programs implemented in our operations in order to correctly identify hazards and assess risks, in accordance with the requirements of the NTC-OHSAS 18001 standard version 2007 and current legislation.



The following is a list of the different training opportunities provided during 2018, according to plan:

Competencies in occupational health & safety

With the objective of improving the culture of safety for our workers in the mining operations through different training opportunities, emphasizing hazard identification, risk assessment, and operational controls, in 2018 we developed training sessions in line with our Occupational Health and Safety Management System and current legislation.

The topics covered in 2018 included tools for improving risk perception in the context of a Program for Self-care and Prevention of Occupational Accidents and Illness.

We provided a total of

378,355

hours of training

51,918

attendances recorded

With the participation of the Human Resources, Environmental, and Industrial Health and Safety areas, the company's regular training program produced these outcomes:

8

Cycles

42

Days

258,699

Hours

22,209

Attendances

Environmental competencies

We continued training and disseminating information in accordance with the Environmental Management Plan, providing 72,654 hours of training, and recording 4,086 attendances.

The most noteworthy training sessions in this area were related to the ISO 14001 Environmental Management System, in which we were certified.

WE LOGGED A TOTAL OF

72,654

Hours of training

4,086

Attendances

1
Undesirable events

2
Prevention and control of hydrocarbon and chemical substance spills

3
Comprehensive waste management

4
Legal liability in environmental incidents

5
Effective management

6
Rehabilitation and compensation

7
Wildlife management

8
Technical training in beekeeping

Technical and operational competencies

For our mining operations under the La Loma and El Descanso contracts, we have different operational and technical training courses for our employees who currently or in the future will operate mining equipment, as follows:



Training for novice operators:



Training and retraining for veteran operators

The classrooms have simulators for mining trucks, bulldozers, and electric shovels, to help employees reinforce their practical experience with the vehicles.

	Mining truck	Caterpillar tractor	Loader
Total groups during the year	1	1	1
Total number of apprentices	33	13	9

Improvement plan based on assessments of skills and knowledge.

Operations training sessions take place at our training center at our mining operations. The training center has classrooms for academic sessions to learn about the machines, and also has simulators for mining trucks, bulldozers, and electric shovels, to help employees reinforce their practical experience with the vehicles.



Education for employees

Every semester we provide scholarships for workers who are getting a college, post-graduate or master's degree, as a way of supporting their professional growth.

In 2018, we provided this benefit to 103 employees. Scholarships are provided for specialties related to the employee's activities and job functions at the company, with the objective of strengthening job-related knowledge and competencies.



Training outside the country

In 2018, the following training opportunities were provided abroad:

Training in Modular Mining Systems (USA)

3
Employees

5
Days

Training in Twin Otter Flight Safety (Canada)

6
Employees

25
Hours

Annual Dell 407 helicopter training and check flight (USA)

1
Employee

5
Hours

Workshop on maintenance planning and scheduling (USA)

1
Employee

2
Days

International business and sustainable development (the Netherlands)

1
Employee

120
Hours

Practical course on land acquisition, resettlement, and social sustainability (the Netherlands)

1
Employee

12
Days

Training for trainers in mobile cranes (USA)

1
Employee

5
Days

International Explosives Conference by the International Society of Explosives Engineers (USA)

1
Employee

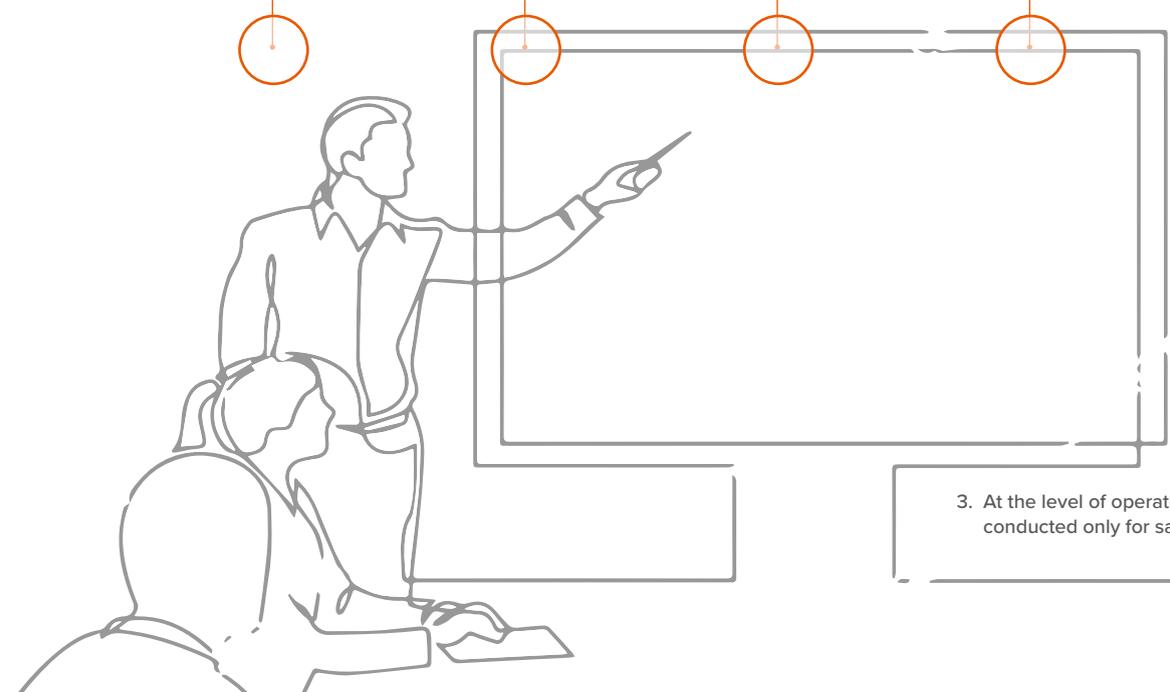
5
Days

[404-3]

Drummond Ltd. conducts annual performance reviews for leaders and administrative personnel, using the 90° methodology. The methodology has employees get together with their supervisors to determine how well the year's objectives have been met, generate action plans, identify the competencies the employee needs to strengthen, and define new goals for the following performance period:

	Level 1 (Operators)	Level 2 (Assistants)	Level 3 (Professional)	Level 4 (Tactical)	Level 5 (Strategic)
Total number of employees who received performance appraisals					
Number of employees who received at least one performance or development appraisal during 2018	18	189	775	98	63
	11 Men	154 Men	684 Men	92 Men	59 Men
	7 Women	35 Women	91 Women	6 Women	4 Women

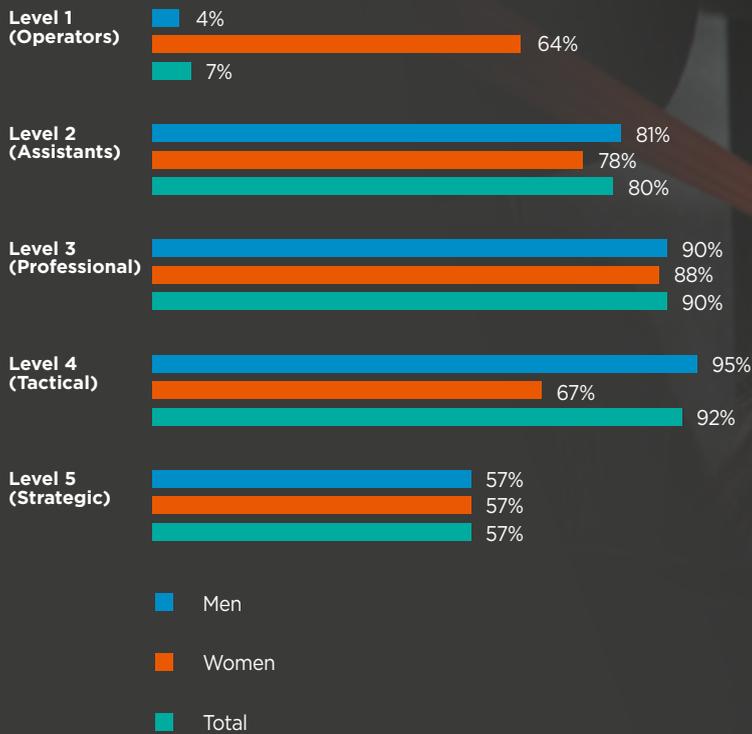
	Level 1 (Operators)	Level 2 (Assistants)	Level 3 (Professional)	Level 4 (Tactical)	Level 5 (Strategic)
Total number of employees receiving a performance appraisal					
Number of employees who received at least one performance or development appraisal during 2018	259³	236	862	106	110
	248 Men	191 Men	759 Men	97 Men	103 Men
	11 Women	45 Women	103 Women	9 Women	7 Women



3. At the level of operators, performance appraisals are conducted only for salaried employees.



Graph 9. Percentage of employees who received performance appraisals in the year 2018

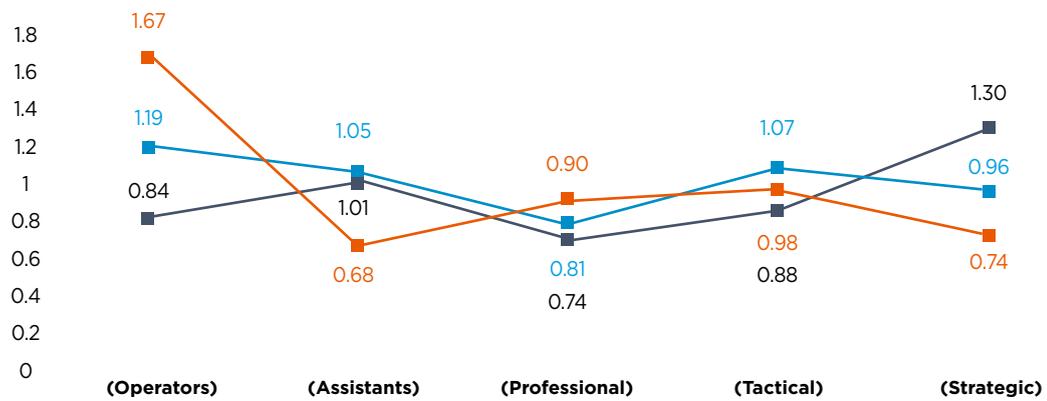


Graph 10. Percentage of the workforce receiving performance appraisals, by level of the position

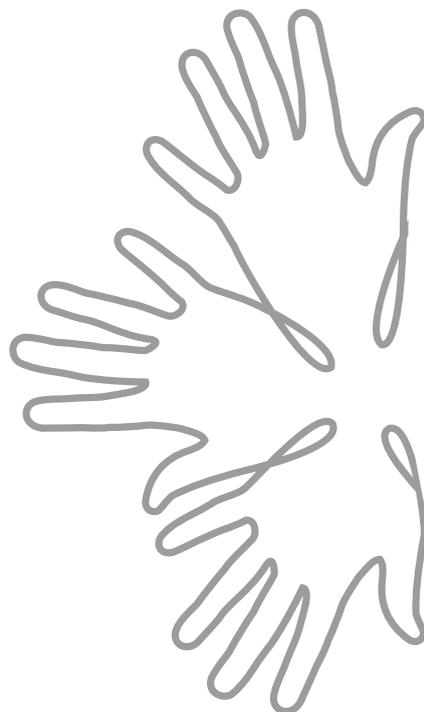


[405-2] As our policy indicates, we pursue pay equity, with the goal of eliminating any gap related to diversity aspects among the workforce.

Graph 11. Salary ratio women/men



- Mining operation and Valledupar
- Port operation/ Cartagena
- Bogotá



Milestones

Our In House Training Program trained 55 people born in the mining municipalities. **Thirty-three were trained in driving trucks, 13 in bulldozers, and 9 in loaders.**

We began training **24 Professionals in Training**, who will prepare for one year to be future leaders in the mining operation.



Occupational health and safety

By incorporating Corporate Social Responsibility into every action, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information provided in the Occupational Health and Safety subchapter targets:

CSR Strategy

To impart and strengthen skills



Peace and human rights

- Training and promotion
- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



Comprehensive development

- Education and training
- Creating opportunities

Working environment



Environmental performance

- Environmental sustainability
- Conservation and restoration



Drummond's contribution to achieving the Sustainable Development Goals



DECENT WORK AND ECONOMIC GROWTH

GRI CONTENT

SDG TARGET

403-1 Representation of workers on formal joint management-worker health and safety committees.

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

403-2 Types of accidents and frequency rates for accidents, professional illnesses, days lost, absenteeism, and number of deaths from work-related accidents or professional illnesses.

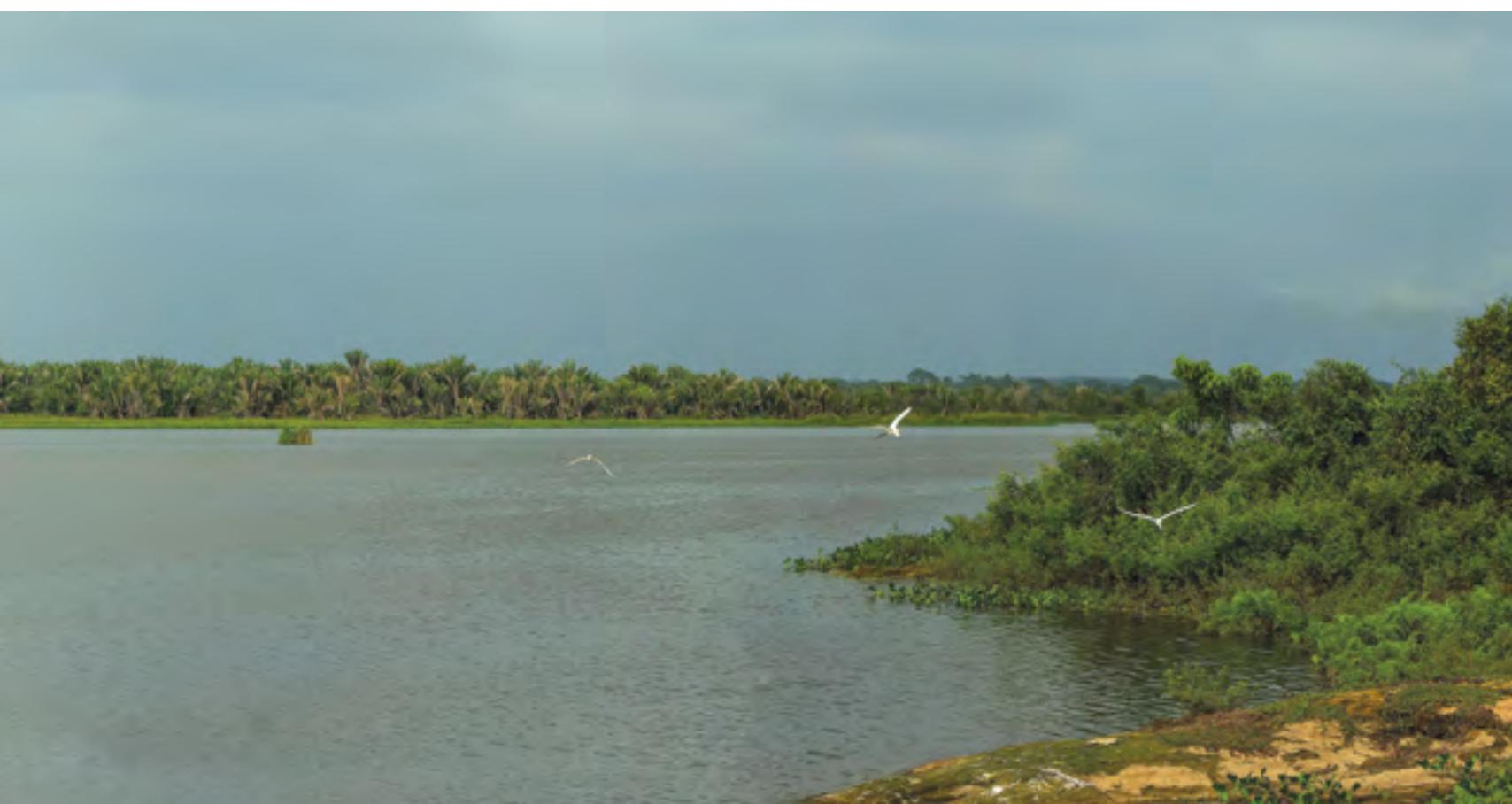
8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

403-3 Workers with high risk or rates of illnesses related to their activities.

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

403-4 Health and safety topics covered in formal agreements with trade unions.

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.





AT DRUMMOND LTD., INDUSTRIAL SAFETY IS OUR LIFESTYLE. OUR COMPANY CONDUCTS OPERATIONS TO EXPLORE, EXTRACT, TRANSPORT, AND LOAD COAL, AND IN EVERY SINGLE PROCESS WE MAKE SURE WE PROTECT THE ENVIRONMENT AND THE HEALTH AND LIVES OF ALL OUR EMPLOYEES, CONTRACTORS, VISITORS, AND RELATED COMMUNITIES.

[103-1]

We are committed to working within regulatory frameworks that stimulate continuous improvement. For that reason our operations are certified under the following standards: OHSAS 18001 Industrial

Safety and Occupational Health Management System, ISO 14001 Environmental Management System, ISPS Ship and Port Facility Security, and the BASC Business Alliance for Secure Commerce.

[103-2]

To prevent accidents and occupational illness, Drummond Ltd. has an Occupational Health and Safety Management System based on and certified by the international standard OHSAS 18001:2007. This means, once we identify our priority risks and implement all the operational controls - such as elimination, replacement, engineering controls, signage, warnings, administrative controls, and

personal protective equipment - our employees can do their work safely. We also have plans for emergency preparation and response, with brigades trained in each of the areas, and with resources such as health posts with physicians and nurses, and ambulances and fire trucks to effectively respond to any emergency situation that may occur at our worksites.

We will soon begin the transition to the ISO 45000:2018 standard, providing continuity to a management system that guarantees a safe and healthy workplace.

[103-3]

We believe it is essential to review our processes. For that reason, in 2017, we conducted a Safety Culture Survey in our operations. We contracted a third-party with experience and worldwide recognition in consulting processes to measure the diverse characteristics of the company's safety culture, thus officially establishing a starting point on

a path to follow in our health and safety management focus, helping us ensure world-class results.

Based on the results of this safety culture survey, during 2018 we gave continuity to the **Program to Strengthen Drummond's Safety Culture** by implementing its strategic lines, as seen below:

- **Formalize** the structure for a corporate directive in health and safety
- **Empower** our employees in safety through clear responsibilities at all levels
- **Know** and evaluate roles and abilities to improve skills and competencies
- **Make** safety culture proactive through a context of leadership (kpi)

The line corresponding to "Formalize the structure of a corporate directive on safety at Drummond Ltd." was the first to be implemented. During 2018 we organized the complete structure, made up of interdisciplinary committees and teams pursuing continuous improvement in occupational health and safety management. At the center of that structure is the **Strategic Committee on Health and Safety**, made up of members of high-level management. It receives the work done by groups called Central Committees, groups that represent different processes at our organization. Operational and administrative personnel participate on the Central Committees, putting in evidence the empowerment of these

teams in terms of managing occupational health and safety issues. In 2018, we established the following 6 central committees:





Below are the main performance indicators for the year 2018:

[403-2]

Main indicators for health and safety

Drummond Ltd. identifies hazards, assesses risks, and establishes the controls necessary to watch over the health and safety of each one of our workers. We also implement measures to obtain and maintain the best results in terms of health and safety performance indicators.

During 2018, the trend in indicators for accidents continued to show improvement, specifically in the rates for disabling incidents and for frequency, and in the decrease in the number of days lost from work-related accidents or occupational illness.

OHS indicators for direct employees

Accident Frequency Index

In 2018, the accident frequency index went down for men in the mining operation/Valledupar and in the port operation/ Cartagena, and also for women at the Bogotá office with respect to the year 2017:

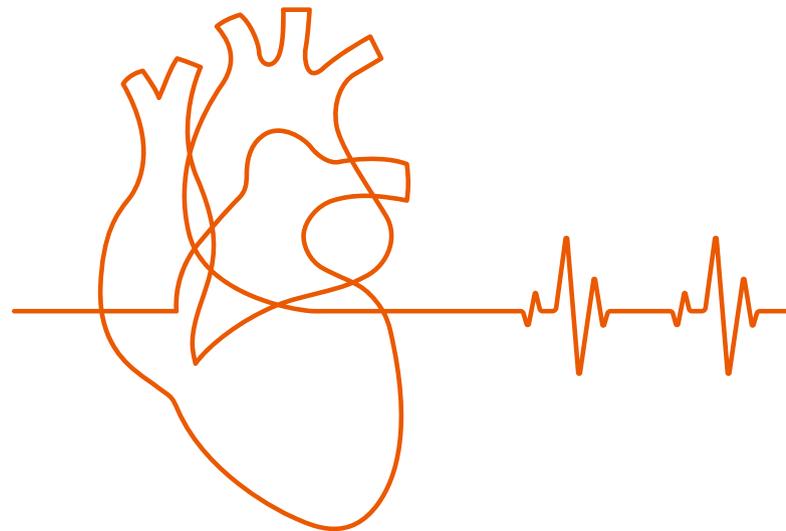


Table 2. Accident Frequency Index

Mining operation / Valledupar		Port Operation / Cartagena		Bogotá	
0.51 2018	0 2018	0.41 2018	0 2018	0 2018	0 2018
0.56 2017	0 2017	0.91 2017	0 2017	0 2017	3.72 2017
					

This coefficient expresses the ratio between the number of recordable work-related accidents⁴ and the actual hours worked by employees during 2018.

Accident Rate

The index for recordable accidents, as stipulated in OSHA standard 1901.0 for recording injuries, decreased from 0.83 in 2017 to 0.77 in 2018 for the mining operation. Meanwhile, in the port operation, it fell from 1.45 in 2017 to 0.63 in 2018, and at the Bogotá worksite, it went down from 3.70 in 2017 to 0 in 2018:

Table 3. Yearly Accident Rate



4. Number of work-related accidents based on OSHA 1904.0 criteria for recording and reporting injuries and occupational illness, with the parameter of 200,000 hours. Does not include first aid.
5. Classified as occupational illness in the years 2017 and 2018.
6. To calculate the frequency of occupational illness, the following formula is used: (number of occupational illnesses classified as occupational illness/ actual hours worked) *200,000.

This index expresses the ratio between the number of work-related accidents and the total number of workers with a direct employment relationship in 2017 and 2018.

Frequency index for occupational illness

Table 4. Frequency index for occupational illness



This is the coefficient for the number of occupational illnesses⁵ over the total actual hours worked by employees during 2017 and 2018⁶.



Lost work days rate

Table 5. Lost Work Days Rate from work-related accidents and occupational illness



Mining operation / Valledupar

0.51% **0.09%**
2018 2018

0.19% **0.01%**
2017 2017

Port Operation / Cartagena

0.66% **0%**
2018 2018

0.41% **0%**
2017 2017

Bogotá

0% **0%**
2018 2018

0% **0.01%**
2017 2017

This expresses the ratio between the total number of absences due to occupational illness and work-related accidents and the total actual hours worked by employees during 2017 and 2018⁷.

7. To calculate days lost, calendar days are used, beginning the day after the day the accident occurred. The formula is: (number of days lost from work-related accidents + number of days of absence due to occupational illness) / actual hours worked * 8.

8. To calculate the rate of absenteeism, the following formula is used: (number of days lost from work-related accidents + number of days of absence due to occupational illness + number of days of absence due to regular illness) / actual hours worked * 8.

Absenteeism Rate

Table 6. Absenteeism Rate



Mining operation / Valledupar

1.84% **1.99%**
2018 2018

2.5% **3.3%**
2017 2017

Port Operation / Cartagena

4.19% **2.55%**
2018 2018

3.2% **1%**
2017 2017

Bogotá

0% **0.16%**
2018 2018

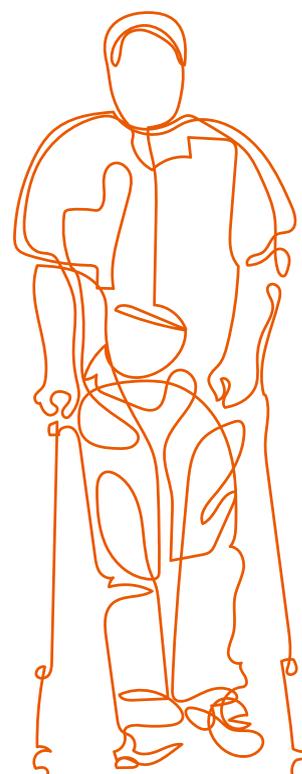
0% **0.01%**
2017 2017

This index expresses the ratio between the total number of absences (from occupational illness, work-related accidents, and regular illness) and the total actual hours worked by employees during 2017 and 2018⁸.

Main causes of work-related accidents

For the 2018 period, the TapRoot© methodology demonstrated that the main cause of work-related accidents was “lack of or deficiency in a standard, policy, or administrative control.” This means there are opportunities for improvement in the

occupational health and safety management system, especially in leadership in safety, the need to increase a perception of risk, and safe behavior when doing the work. We therefore continued developing the **Program to Strengthen Drummond’s Safety Culture.**



OHS indicators for contractors

Unfortunately, in 2018 an event occurred with fatal consequences with one of the contractor firms in our mining operations. This had a significant impact on the company’s overall results for occupational health and safety. Committed to monitoring contractors’ management of health and safety, we engaged

in accompaniment during the investigation, continuously monitoring the application of the corrective actions established.

The OHS indicators we take into account for our contractors are the accident frequency index and the accident rate, broken down by gender and type of operation:

Table 7. Total number of contractors

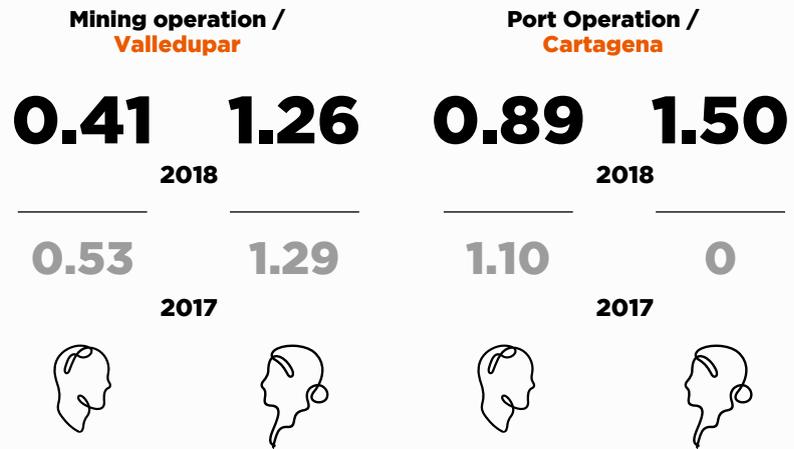
Mining operation / Valledupar		Port Operation / Cartagena	
4,029	487	712	94
2018	2018	2018	2018
4,412	112	699	84
2017	2017	2017	2017
			



Accident Frequency Index

For our contractors, the index for recordable accidents, as stipulated in OSHA standard 1901.0 for recording injuries, went down from 0.53 in 2017 to 0.41 in 2018 for the mining operation. Meanwhile, in the port operation it went from 1.10 in 2017 to 0.89 in 2018, in the category of men. For women, the index went down in the mining operations, but in the port operation it went from 0 in 2017 to 1.50 in 2018:

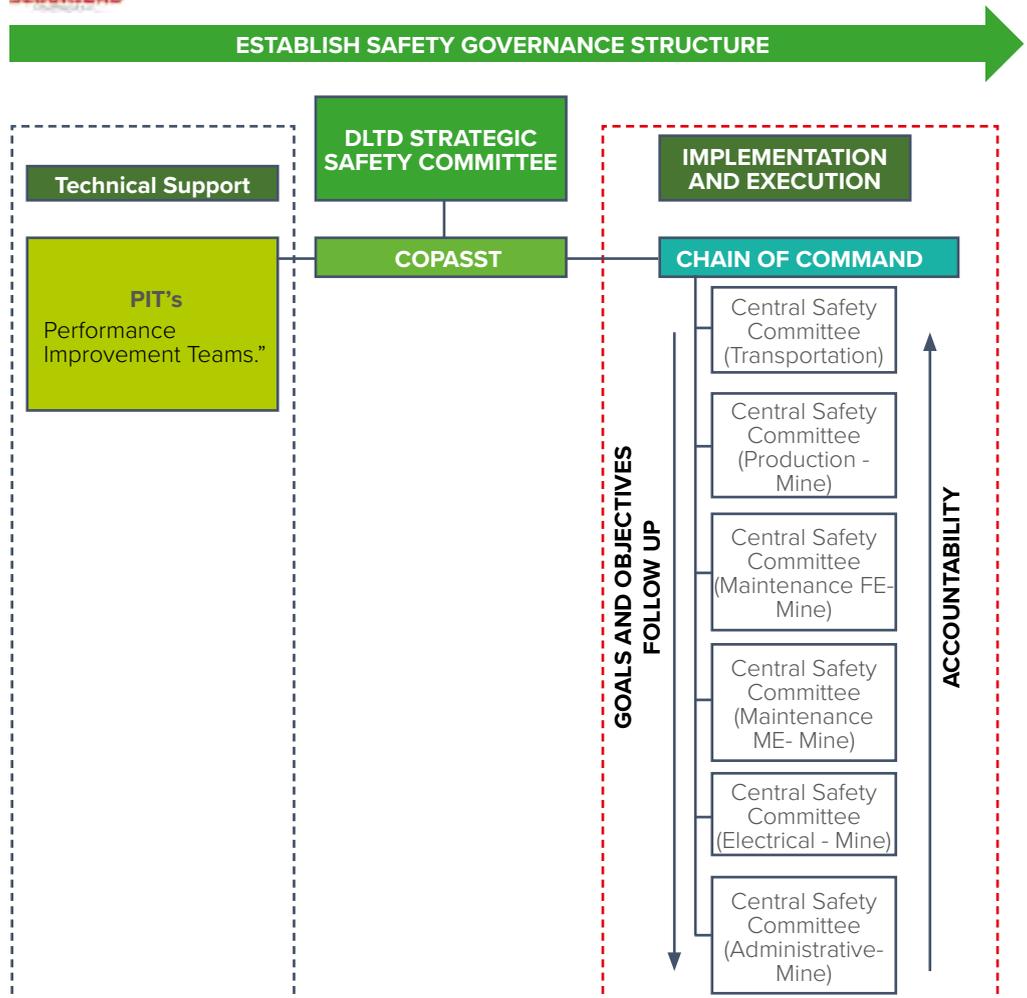
Table 8. Accident Frequency Index for Contractors



This number comes from comparing the number of recordable work-related accidents with the total actual hours worked by contractors during the years 2017 and 2018⁹.

Follow-up on goals for 2018

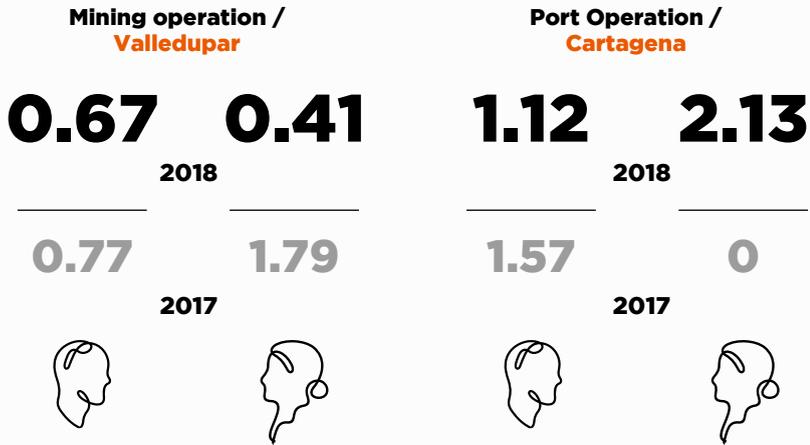
The main goal for 2018 was to continue implementing the Four Strategic Lines established in 2017. The first step was to strengthen the structure for Drummond Ltd.'s Corporate Directive on Health and Safety in the form of the Strategic Safety Committee and the Central Committees. This was met 100% by formalizing the following structure:



9. Number of work-related accidents based on OSHA 1904.0 criteria for recording and reporting injuries and occupational illness. Does not include first aid.

Accident Rate

Table 9. Accident Rate



This is the ratio between the number of recordable work-related accidents and the total number of contractors in 2017 and 2018.

Classification of events

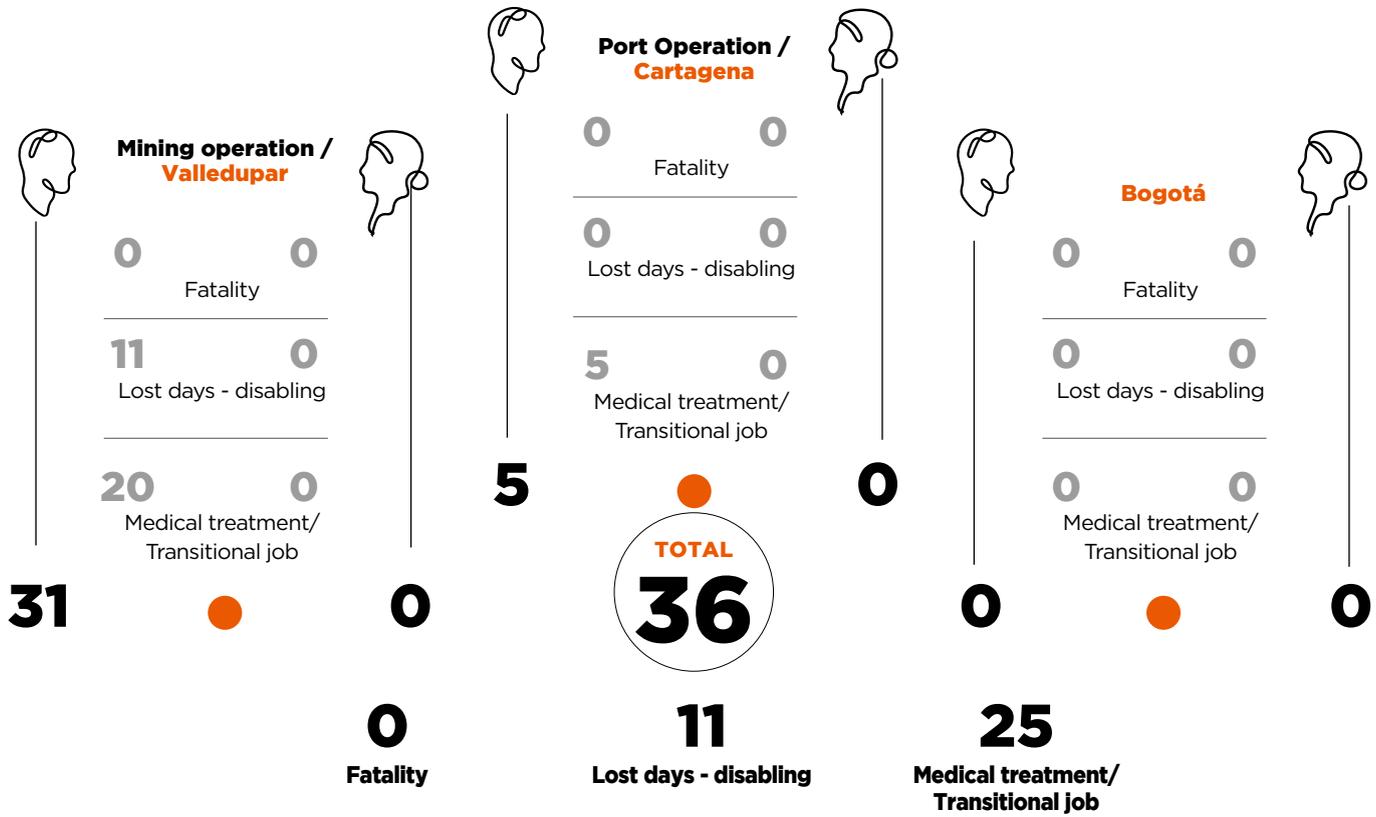
With the purpose of defining a standard that will allow us to compare our reactive management with similar companies or economic sectors, we have adopted the event classification criteria established in the OSHA standard 1904.0 Occupational Injury and Illness Recording and Reporting Regulations, and 1904.4 Recording Criteria. These standards classify events as follows:

	
<p>Non-recordable accident</p> <ul style="list-style-type: none"> • First aid 	<p>Recordable accidents</p> <ul style="list-style-type: none"> • Fatality • Accidents with lost days (sick leave) • Medical treatment

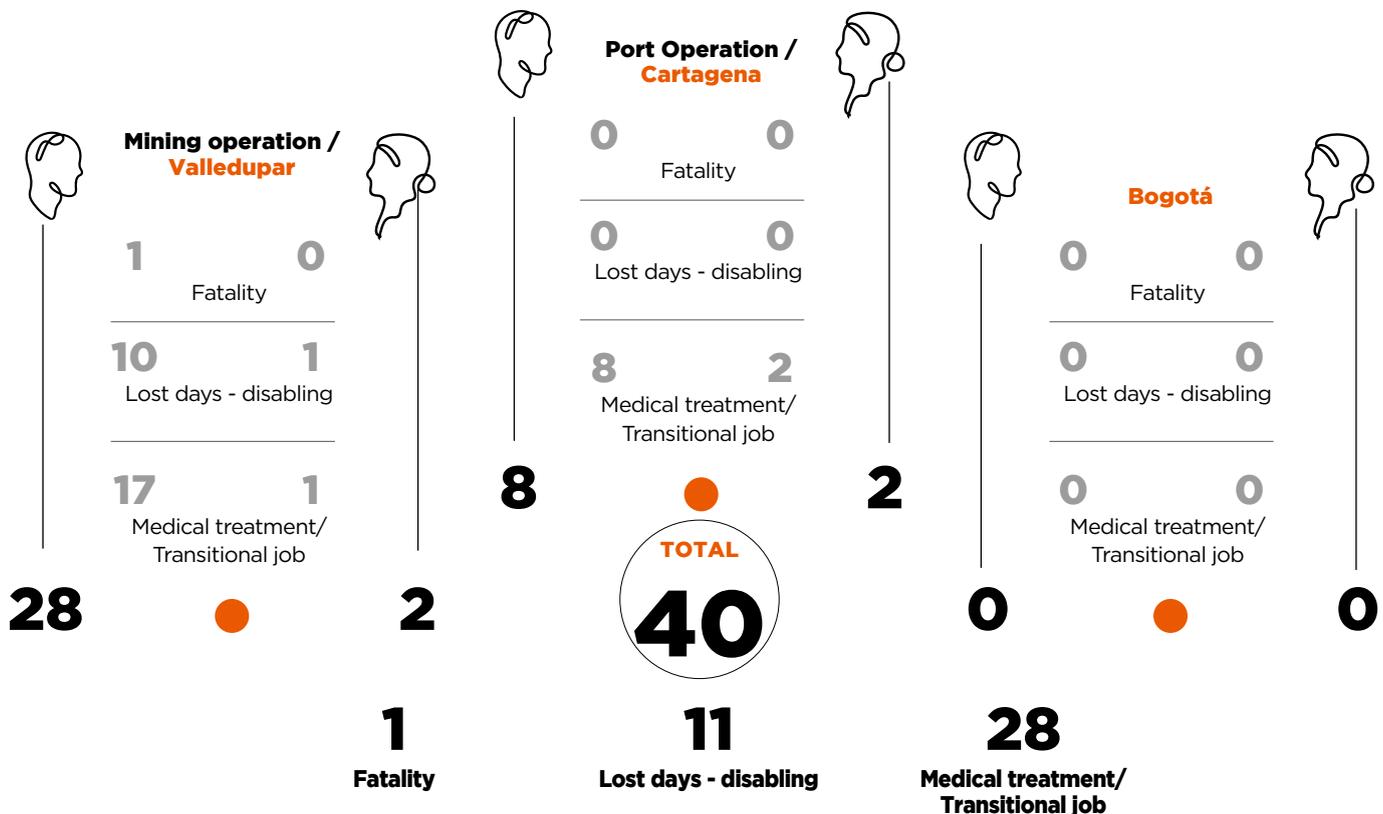
All personal injuries, no matter how minor, are reported to the ARL for the corresponding treatment. We communicate this information through reports and documents published in the Occupational Health and Safety Management Systems.



These are the different types of accidents that occurred during 2018 with Drummond Ltd. employees:



The types of accidents that occurred during 2018 for the personnel at contractors are the following:





[403-1]

Our commitment to health and safety

We are committed to developing our workforce, paying special attention to occupational health and industrial safety inside our company. To make sure our workers are protected, we adhere to Colombian regulations and have a Joint Committee on Occupational Health and Safety – COPASST for the acronym in Spanish.

The committee includes representatives from different areas and levels of the company. Its objective is to watch over the health and safety of all the working groups, through actions to ensure compliance with the regulations, standards, and procedures established in the Occupational Health and Safety Management Systems.

High-level management backs the COPASST by organizing regular meetings with the President of that committee. The meeting

includes a feedback process on different occupational health and safety actions taken by the company. In 2018, 100% of our employees were represented on the COPASST.

The committees formally established include the **Strategic Committee on Health and Safety**, born out of the implementation of the program to strengthen Drummond’s safety culture. It has the **Mission** of guiding and directing the development of policies and standards that will help continue to improve our proactive health and safety culture, empowering our people to live safely. This strategic committee also monitors the functioning of the Occupational Health & Safety Management System, in charge of providing orientation and direction for developing the corporate occupational health and safety policy.



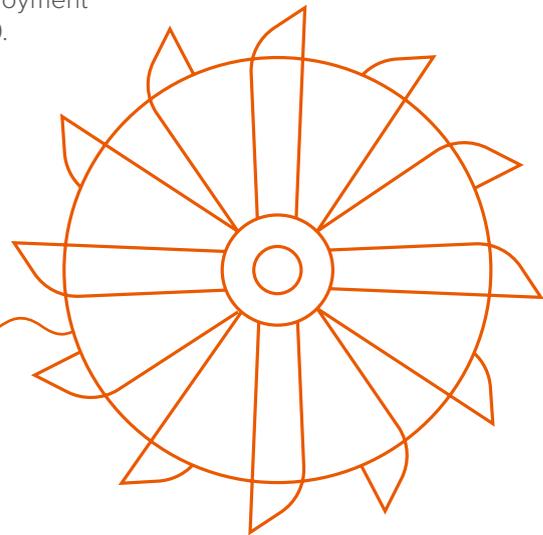
of our employees were represented on the COPASST in 2018



[403-4]

Drummond Ltd. enters into agreements with the different trade unions through collective employment agreements. Twenty-three of the 67 articles of those agreements cover topics related to occupational health and industrial safety, in other words 34.3% of the articles. The articles related to occupational health and industrial safety

cover agreements, actions connected with Social Security, leaves, meetings, committees, benefits, uniforms, protective elements, etc., in addition to a special committee created to follow up on the functioning of the hospitalization policy. The current agreements in effect are the Collective Employment Agreements 2016-2019.



[403-3]

Workers exposed to risks in the operation

It's important to our company to characterize the groups of employees that are most likely to develop occupational illnesses due to exposure to noise and particulate matter as priority health risk factors. For that reason, the annual focus of our occupational epidemiological surveillance systems for hearing and respiratory protection is medical supervision of workers whose exposure is greater than 50% of the exposure limit.

In synergy with this, we have developed prevention programs that include operational controls to mitigate the effects derived from the risk.

For this reporting term, the coverage of the data expanded to include the port operation. The following table shows in detail the number of workers exposed to health risks for whom we scheduled regular medical supervision:

Noise				
3,819	3,825	3,477	3,763	
2018	2017	2016	2015	
Particulate matter				
1,647	1,805	1,495	2,000	
2018	2017	2016	2015	

Case study for the material aspect

ACCORDING TO THE MINISTRY OF HEALTH, SOME 5 MILLION COLOMBIANS HAVE HEARING PROBLEMS. THAT IS 11% OF THE COUNTRY'S POPULATION, AND THE PERCENTAGE GOES UP TO 14% OF THE ACTIVE POPULATION FROM THE AGES OF 25 TO 50 YEARS OLD.

In Colombia, hearing loss is mainly associated with exposure to noise at workplaces, the use of devices to play music, traffic, alcohol, medication, smoking, psychoactive substances, and other individual behaviors.

Around the world, 16% of disabling hearing loss in adults is attributed to occupational noise, and that number varies between 7% and 21% in the different sub regions. The effects of exposure to occupational noise are greater for men than for women in all sub regions, and greater in developing regions.

In the mining industry, noise is an especially relevant agent. The characteristics of the different mining processes and the technologies available, together with the working conditions and the circumstances of the exposure, are all factors affecting the potential risk of hearing loss in workers.

From the beginning of our operations more than 20 years ago, we have implemented a robust Epidemiologic Surveillance System to prevent neurosensory hearing loss induced by noise at the workplace. In conjunction

In the mining industry, noise is an especially relevant agent. The characteristics of the different mining processes and the technologies available, together with the working conditions and the circumstances of the exposure, are all factors affecting the potential risk of hearing loss in workers.





with our program for operational excellence in Occupational Hygiene, and developments and initiatives at the noise sources, we have made significant efforts in the area of control and surveillance to reduce the likelihood of noise-induced hearing loss.

Our company's structure for preventive management starts by identifying noise sources, forming groups with similar exposure, and evaluating worker exposure, in order to develop a hierarchy of intervention measures.

From 1998 to 2018 we made close to 7,500 personal noise dosimetry measurements and 9,600 sound measurements to establish the historic exposure of the company's workers. We compared those results with the permissible exposure limits published by the American Conference of Governmental Industrial Hygienists (ACGIH) and accepted in Colombia in accordance with Resolution 2844/2007. Based on those results, we implemented intervention

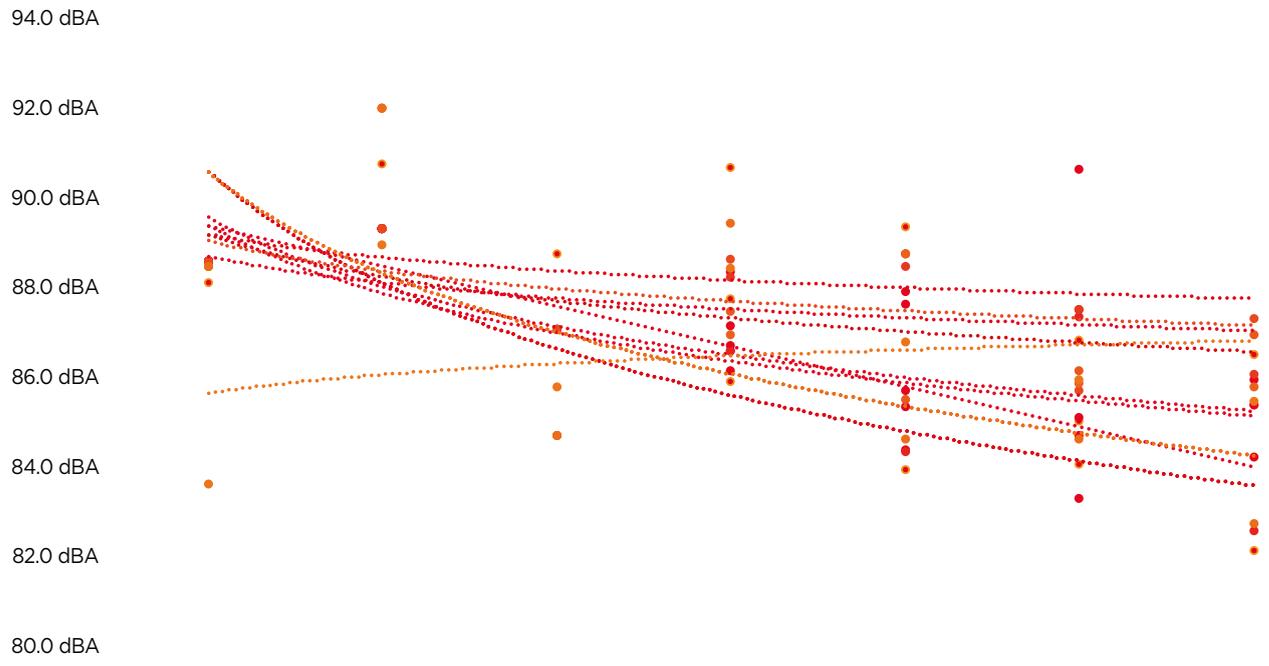
strategies at the source, at the means of transmission, and with the individual. We have also implemented complementary administrative measures to diminish the likelihood of hearing loss.

In terms of the technical control handled by engineering, these prevention strategies have achieved a reduction of more than 7 dBA in the average exposures for workers. In terms of energy, this corresponds to a decrease of more than 400% in excessive doses. We have achieved these improvements by reinforcing seals for cab structures, tuning up machines and tools, installing absorbent and isolating materials, and controlling aerodynamic and mechanical noise. We have also acquired the latest production technologies that guarantee, under international guidelines and Buy Quiet policies, exposures potentially lower than the recognized limits. Interaction between the Maintenance, Purchasing, and Production areas have facilitated these efforts.

Our company's structure for preventive management starts by identifying noise sources, forming groups with similar exposure, and evaluating worker exposure, in order to develop a hierarchy of intervention measures.



Graph 12. Trend in average exposure by similar exposure group 2005-2018 without PPE.



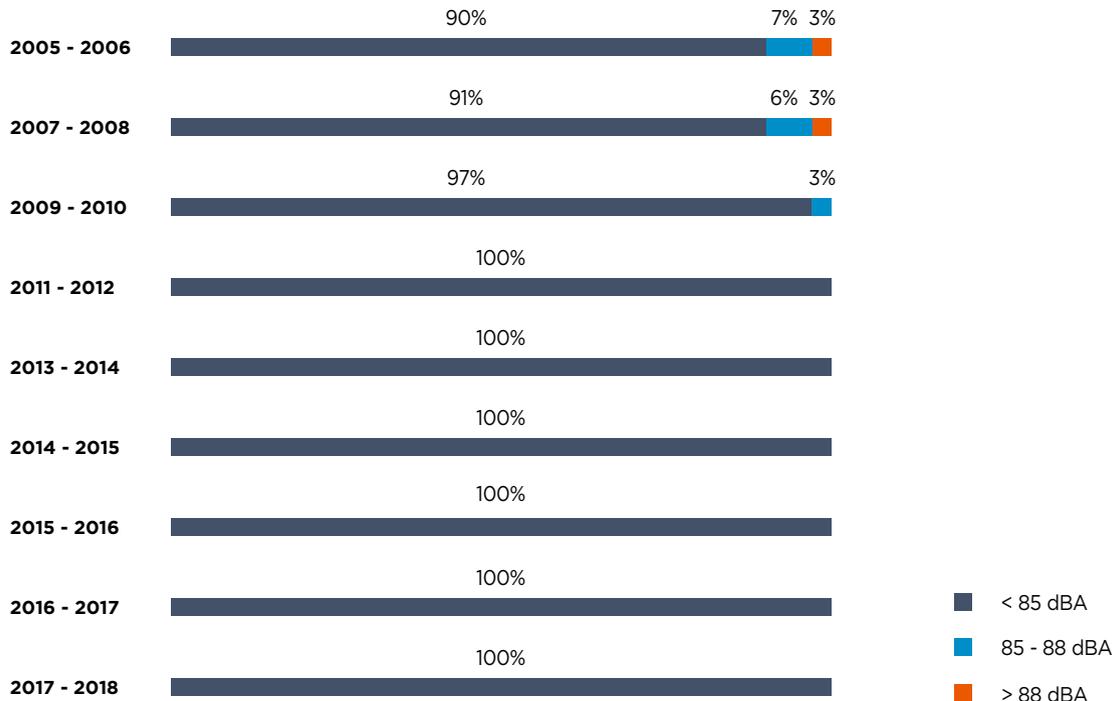
As a complementary measure for preventing hearing loss, we give our workers protection devices (with a corrected noise reduction level of 13 dBA, under

OSHA standard 29CFR 1910.95). They are comfortable for the user, which has a positive impact on continuous use.





Graph 13. Effectiveness of Hearing Protection Devices in the Population 2005-2018



We pioneered not only regular training cycles, but the development of quantitative adjustment tests as a measure for raising user awareness about appropriate use of the devices and their impact on reducing hearing loss.

Lastly, with the purpose of determining the effectiveness of the primary prevention measures, we developed a plan for health surveillance through regular exams using specific biological testing to monitor the hearing health of this population group.

Drummond Ltd. day after day demonstrates its commitment to improving and establishing better working conditions and to strengthening risk prevention at the workplace in order to reduce noise-induced neurosensory hearing loss. That's why primary prevention of noise exposure is a key value in our operations.



Milestones

During 2018, the management system at the **mining operations was recertified under the OHSAS 18001:2007** standard for Coal Extraction at the Pribbenow and El Descanso open-pit mines.

The operations of the Transportation Department (Railroad) were recognized **by the Colombian Safety Council, winning the Emerald Cross Merit Medal in the category of Excellence for their commitment and leadership in occupational health and safety management and the environment.** This is the highest award received by companies in Colombia that meet the standards in areas such as leadership, industrial safety, occupational health, environmental protection, security procedures, accident investigation and analysis, training and communication methods, industrial hygiene, and other aspects leading to excellent business management.

We were able to reduce the Risk Index (RI) for occupational exposure to crystalline silica below 0.5 (the level that gives rise to an action) through the use of personal protective equipment (PPE) in the year 2018.

Challenges

INDUSTRIAL SAFETY

Second half of the year 2019, to be concluded in 2021

Begin the migration to ISO 45001:2018 and the corresponding certification using an outside entity – international auditor.

2019

Reduce the accident rate 30%.

2019

Implement strategies 2 and 3 of the strengthening project:

Formalize a corporate safety directive at Drummond Ltd.

(sustain and improve)

Empower employees/ responsibility at all levels.

Understand and measure the roles of the supervisor; improve skills.

Transform the safety culture making it proactive/ context of leadership (KPI).

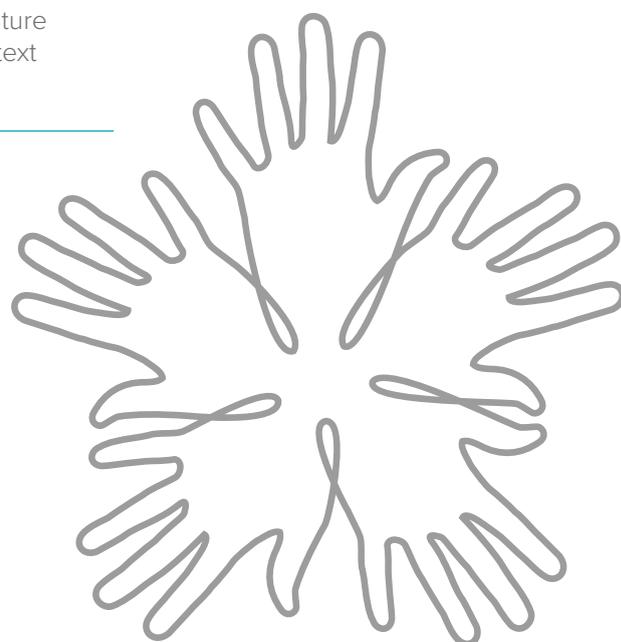
2018-2024

Continue strengthening the Behavior-Based Safety Observations program, as a basic foundation for the growth of a preventive safety culture.

HEALTH

2019

Maintain the Risk Index (RI) for occupational exposure to crystalline silica below 0.5 (the level that gives rise to an action) through the use of personal protective equipment (PPE) in the year 2019.





Trade union relations

By incorporating Corporate Social Responsibility into every activity, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information provided in the subchapter on Trade Union Relations targets:

CSR Strategy

To impart and strengthen skills



Peace and human rights

- Training and promotion
- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



Comprehensive development

- Education and training
 - Creating opportunities
- Working environment**



Environmental performance

- Environmental sustainability
- Conservation and restoration



GRI CONTENT	SDG TARGET
402-1 Minimum notice periods regarding operational changes.	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
407-1 Operations and suppliers in which the right to freedom of Association and collective bargaining may be at risk.	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
MM4 Number of strikes and lock-outs exceeding one week's duration, by country.	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.





[103-1]

At Drummond Ltd., we believe that a good relationship with our trade unions, based on respect for freedom of association and the right to collective bargaining, helps strengthen social dialogue and maintain a good working environment, which are fundamental conditions for achieving the company's objectives.

Managing union relations encompasses all of our operations and has a direct impact on our workers. In addition, could impact other stakeholders such as clients, suppliers, contractors, communities, and administrative and/or judicial authorities.

[103-2]

Through our arenas for social dialogue and in the framework of labor relations management, we evaluate and follow-up on matters of interest and on the needs of our workers. By doing this, we diminish possible risks related to disturbances in the operations, collective conflicts, and judicial and/or administrative proceedings that could affect the company's reputation and our sustainability.

[103-3]

As part of the development of our operations, and based on our current collective employment agreements, we use the following arenas for dialogue to give focus to our labor relations management and to make sure we meet our commitments to the unions and our employees:



Open meetings with employees, led by the Vice President of Operations and Vice President of Human Resources.



Regular meetings with our unions in the framework of the Collective Employment Agreement.



Visits to the work fronts with representatives of the union organizations.

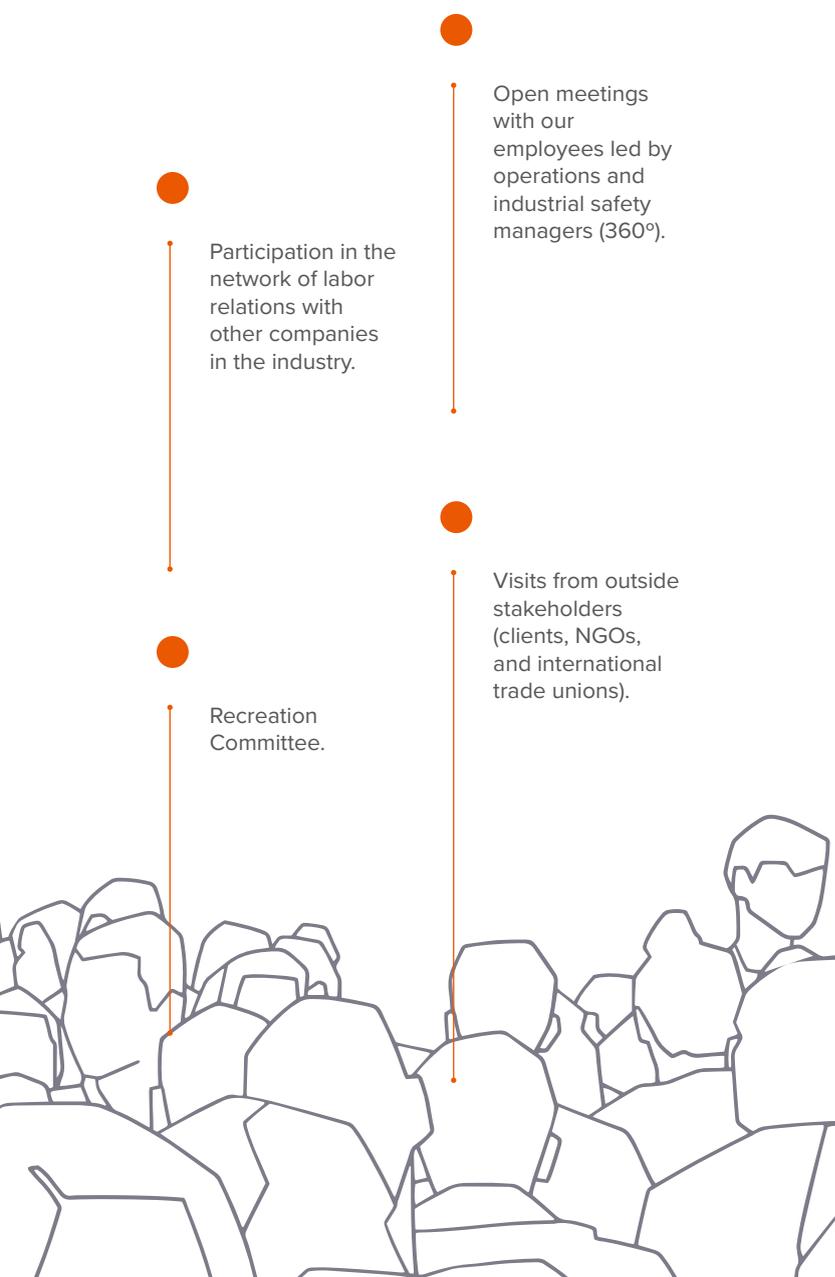


Occasional meetings requested by the unions with high-level management (Office of the President, Office of the Vice President, managers, supervisors).



Meetings of the Special Committee for Follow-up and Recommendations to optimize the services provided under the Hospitalization and Surgery Policy.





We also have a reporting mechanism within the reach of the entire workforce and our stakeholders that was created as part of the Business Ethics Program and as a complement to corporate policies - especially the human rights, human resources, and conflict of interest policies – and the Code of Conduct. It is a channel for reporting concerns related to labor issues that guarantees confidentiality, so the report can be anonymous.

This mechanism can be activated using the following means:

E-mail
denuncias@drummondltd.com

Outside Ethics Hotline
018000919161

Direct number
57 (5) 5719499

Internal Extension number
8499

Report filed at the street address
Calle 72 No. 10-07, Office 1302, Bogotá D.C.

Reporting form,
which can be requested from the Human Resources department and sent in a closed envelope to the Internal Audit department.

The matters that are brought up using these means are brought before a Committee that includes the Manager of Labor Relations and other representatives of the company's high-level management. They consider the questions, grievances, and complaints in order to give an answer to the person who activated the mechanism.



[402-1]

Minimum notice periods regarding operational changes

There are currently no minimum notice periods established in the collective employment agreements at Drummond Ltd. However, when there are operational changes that affect our workers, the Company organizes meetings with the trade union organizations to share the information. In 2018 there was no need for such a meeting.

In addition to the arenas we have set up, we also use our corporate communications media to communicate in a timely manner any operational change of relevance. This would include emails, memorandums, bulletins, announcements, bulletin boards, press releases, and magazines.

[MM4]

**During 2018,
there were
no strikes or
lockouts in
the operation
exceeding one
week's duration.**



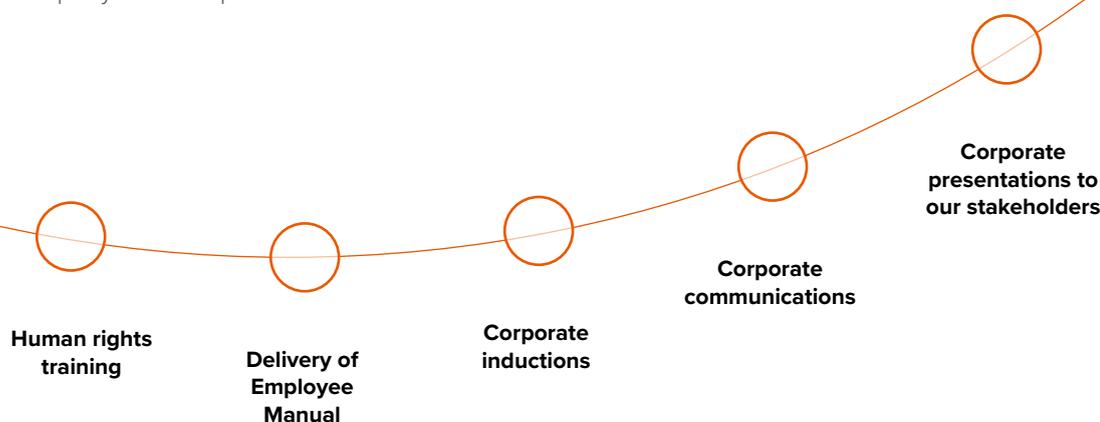
[407-1]

Freedom of association and collective bargaining

Drummond Ltd. openly promotes respect for the right to freedom of association and collective bargaining through our Code of Conduct and our Human Rights Policy, as a principle for our operations. For that reason, our company has no operations

or suppliers where the right to freedom of association and collective bargaining are at risk.

We share information about these matters using the following platforms and mechanisms:



If any complaint, question, or grievance arises with respect to these rights, in addition to the mechanisms established in Colombian labor legislation, we also have available to us the arenas mentioned above.

Milestones

In 2018, Drummond Ltd. established additional arenas for social dialogue based on the number of union organizations (8). This allowed us to set the right environment for reviewing the working conditions of our employees. It also allowed our employees and the unions free exercise of their right to freedom of association, to the point that we closed the year with 73% of the employee population covered by collective employment agreements.

Challenges

Because the existing collective employment agreements conclude in 2019, we have the challenge of collective bargaining with all the unions that present petitions. The desire is to reach collective agreements of mutual benefit to the parties, and also to the region and the families of our employees, to thus maintain our working conditions and benefits among the most competitive in the industry and the country.



community relations

By incorporating Corporate Social Responsibility into every activity, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information provided in the subchapter on Community Relations targets:



CSR Strategy

To impart and strengthen skills



Peace and human rights

- Training and promotion
- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



Comprehensive development

- Education and training
- Creating opportunities
- Working environment



Environmental performance

- Environmental sustainability
- Conservation and restoration



GRI CONTENT

SDG TARGET

203-1 Infrastructure investments and services supported.

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.

203-2 Significant indirect economic impacts.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small-, and medium-sized enterprises, including through access to financial services.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

2.a Increase investment in rural areas in order to enhance agricultural productive capacity, especially in developing countries.

2.3 Double agricultural productivity and income through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities.

413-1 Operations with local community engagement, impact assessments, and development programs.

413-2 Operations with significant actual and potential negative impacts on local communities.

MM6 Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples.

MM7 The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples.

MM10 Performance of Closure Planning.



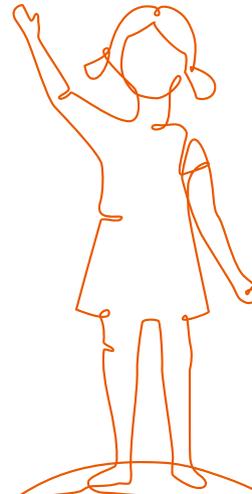


[103-1]

HAVING A POSITIVE IMPACT, RESPECTING THE COMMUNITIES, AND WORKING TOWARD PROGRESS FOR THE PEOPLE IN THE AREA WHERE WE OPERATE ARE BASIC PILLARS SUPPORTING THE ORGANIZATION'S SUSTAINABLE DEVELOPMENT.

We carry out our operations bearing in mind that any impacts not only potentially affect local communities. We can also face adverse effects such as the loss of our social license to operate and the weakening of relations with stakeholders in the area of influence.

To manage such issues, we identified all the stakeholders that could be affected either directly or indirectly by the development of our mining and port operations, and that could also directly or indirectly have an influence on the development of our business activities.



INFLUENCE

Stakeholders who influence (or could influence) the development of an activity or its limitation. This includes local, departmental, and national authorities.

[102-42]

Criteria for identifying our stakeholders

NEARNESS

Stakeholders who have close interactions with our operations, with groups inside the company, or relationships that are long-term.

RESPONSIBILITY

Stakeholders with which we have a legal, financial, or operational responsibilities in accordance with regulations, contracts, policies, or practices.

DEPENDENCE

Stakeholders who depend on the activity of the organization. This group includes employees, contractors, and suppliers.

REPRESENTATION

People or organizations with regulatory, religious, and cultural or traditional structures. Here we can identify the church, cultural foundations and folklore groups.

Drummond Ltd. levels the playing field for our relations with communities, marked by respect for productive dialogue and human rights. When dealing with a group that is vulnerable based on age, gender, origin, or membership in an ethnic minority, the communication strategy and tactics change in order to adapt the topics to make them more pertinent, in accordance with the particular nature of the partner in the conversation.

[103-2]

A commitment to communities

We are always developing and implementing mechanisms at Drummond Ltd. for continuous improvement in community relations with the municipalities in the area of influence of our activities.

The tools for our work with communities, as part of the social management line, are based on three basic objectives:



1

Guarantee and optimize conditions for getting along and having productive dialogue with the community.



2

Promote and stimulate projects to improve local skills in the area of influence.



3

Always maintain communication with the community, social organizations, and government institutions.



In terms of the first objective, we use diverse mechanisms to facilitate and promote continuous improvement in our relationships with the communities in our area of influence. With them we can join efforts to strengthen communication between stakeholders and the different departments of the company. Those mechanisms are:

COMMUNITY ATTENTION POLICY

- This policy puts mechanisms in place for access, information, and communication with the communities in the area of influence.
<http://www.drummondLtd.com/social-responsibility/community-attention-policy/?lang=en>

OUTSIDE COMMUNICATION

- We disseminate information using different media: social media, press releases, radio advertising, and ads in magazines.

INTERNAL COMMUNICATION

- Revista Drummond and the Bulletin “Drummond te informa”.

ATTENTION TO USERS

- We respectfully respond to all petitions, complaints, grievances, or suggestions.
- The communities in the areas of influence can communicate via telephone, email, or our Centers for Attention located in La Loma, La Jagua, Valledupar, and the Port.
- We record all requests received by our system for reporting concerns. Each one is assigned a code and processed by the company until a response has been given and the case has been closed out.
<http://www.drummondLtd.com/wp-content/uploads/DTLD-Community-Services-Manual.pdf>

The instruments we employ to manage community relations include existing Municipal Development Plans, developing projects in consensus with the local government, sharing information with communities, and documenting the commencement of projects and their progress.



2



Relative to the second objective, “Promote and stimulate projects to improve local skills in the area of influence,” we act on this commitment through the Community Strengthening, Institutional Strengthening, Peace and Reintegration, and Community and Institutional Information programs.

We give focused attention to the **educational** sector through the **Community Strengthening** program. From the start of our operations, this has been and continues to be our main focus for developing local skills. We are committed to strengthening education through projects for all ages from early childhood to senior adults.



Strengthening the educational sector: infrastructure and quality education

- Infrastructure and quality education
- Improvement of the quality of education in early years of schooling
- Closing gaps in education for young people and adults – Literacy Program
- Technical training for high school graduates – In House Program
- College scholarships for students from public schools
- Training for professionals – Professionals in Training
- Building values through extracurricular sports and art activities

Recreation and promotion of sports

In addition to the educational sector, we coordinate and execute consensus-based projects in the areas of:

Infrastructure maintenance

Health and nutrition

Landscape improvements

Culture



During 2018, we developed projects in these sectors in consensus with local mayors, NGOs, and others stakeholders that were managed 100% by our company.

Some of the projects were:

- Expansion and remodeling of the Children's Development Center in Boquerón, in the municipality of La Jagua de Ibirico.

- Remodeling and equipping a health post in Casacará, Codazzi,

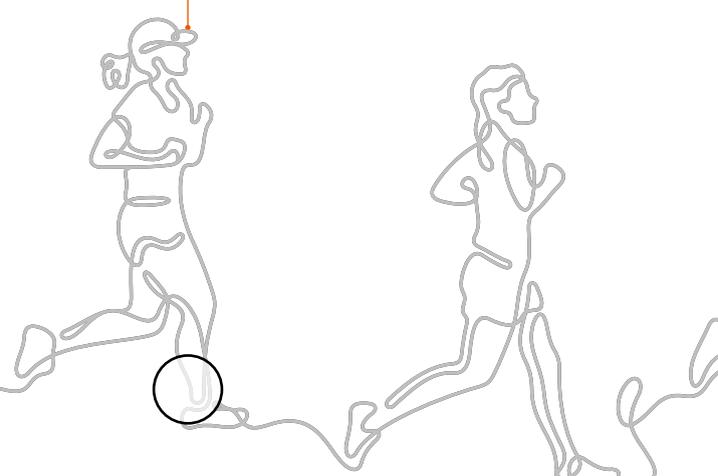
7,500+
people benefited from Phase I.

- Strengthening of early childhood programs (nutrition and comprehensive development) at the Nueva Esperanza, El Poblado and La Milagrosa Centers for Childhood Development in Ciénaga; and the Mis Primeros Pasos and Infancia Feliz Centers in Sevilla, Zona Bananera, and Macondo, Aracataca, as part of an agreement with the Genesis Foundation.

- **Infrastructure Maintenance:** en Drummond Ltd. not only builds infrastructure; we also keep it maintained. We have benefitted more than 30,000 people through donations of paint, materials for taking care of the physical infrastructure of schools and areas for sports and recreation, and machinery for maintaining urban roads in the different municipalities in the area of influence and for conserving church buildings.

Thanks to the contributions of Drummond Ltd., the Renaissance style of the Santa Marta Cathedral, the first church built in South America, once again impressively graces the historic center of the capital of the department of Magdalena. Construction is also concluding of the largest cathedral in the country: Santo Ecce Homo, in Valledupar, Cesar.

30,000+
people benefited through donations of paint, materials for taking care of the physical infrastructure of schools and areas for sports and recreation.



- **Soccer with Heart:** Together with the Soccer with Heart organization, we helped develop human capital by fomenting values and skills in boys and girls from the fishing community in Ciénaga.



- **Protective Arenas project for a New Peace-building Generation:** we are convinced that practicing sports is the best method for building a generation committed to peace and reintegration. That's why in 2018, in partnership with the ARN, we helped create and strengthen the United for Peace Sports Club in the Primero la Gente neighborhood in La Loma, El Paso.

- **The “Golombiao” game of peace methodology:** Promoting sports and fun while building values, we continued to have an impact on students and teachers at 6 schools in Ciénaga. We also strengthened family ties and made surroundings.

more protective to help safeguard the rights of children in an environment of reconciliation and peaceful coexistence. We do this work jointly with the ARN (Agency for Reincorporation and Normalization).

The joint work and good relations between public organizations, private enterprise, and the community allow us to remain in constant contact, helping us meet project deadlines based on a shared commitment.



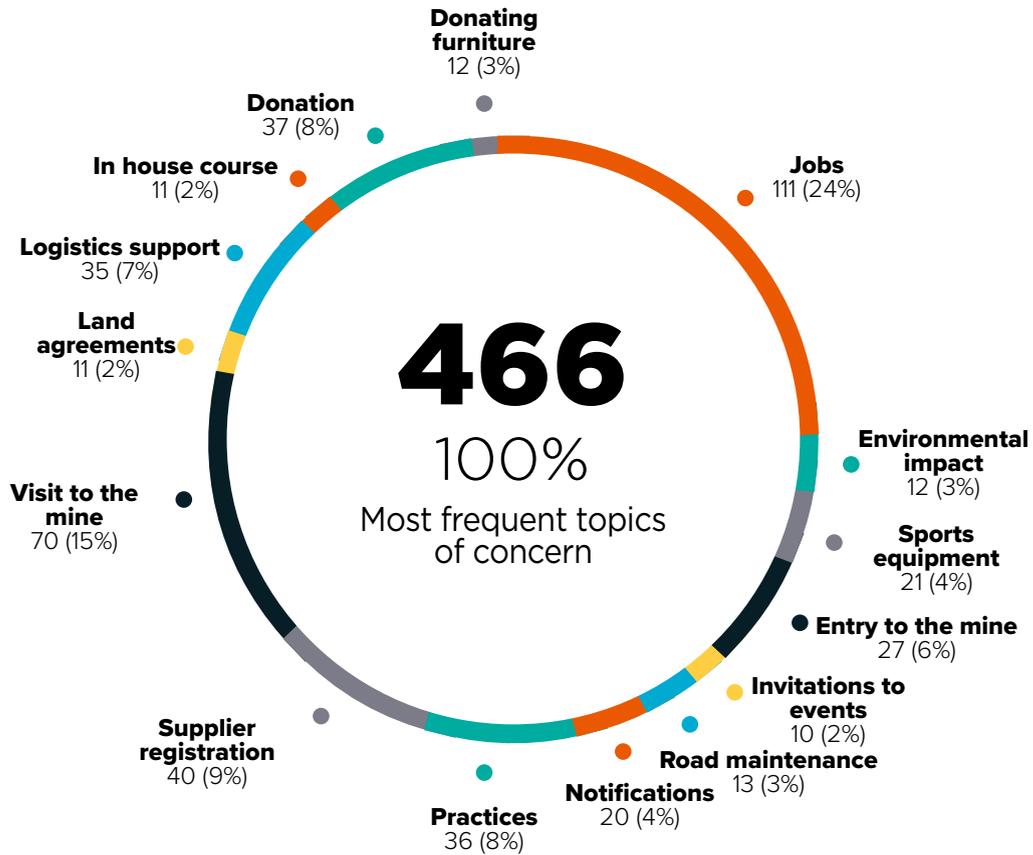


3



To meet the third objective regarding good communication, we have the Manual for Community Attention.¹⁰ This tool documents all the petitions, complaints, and grievances reported by the communities in the area of influence.

The most frequent issues reported to the system in 2018 were:



10. The Manual for Community Attention can be consulted at: <http://www.drummondltd.com/wp-content/uploads/DTLD-Community-Services-Manual.pdf>



The areas of the company that handled the majority of the issues reported were:

Community Relations

Corporate Social Responsibility and Resettlement (Lands)

Human Resources

Legal

Environmental

Physical Security

Industrial Safety

Procurement and Materials

We have dedicated the email addresses atencionalusuario@drummondLtd.com and atencionalusuariop@drummondLtd.com as exclusive channels for attending to community concerns. In addition, queries can be made in person at the Community Attention Offices.

The status of concerns reported using the different means made available by the company can be consulted at the Community Attention Offices located in Valledupar, La Loma and Puerto Drummond.

During 2018, our Community Attention Offices (La Loma, Valledupar, and Puerto Drummond) received

610
petitions



received a timely response



are in process as of December 31



are being recorded as received to begin the response process.

The concerns raised were related mainly to requests for jobs, donations, and visits to the mines and port.

Drummond Ltd. is firmly committed to creating and implementing mechanisms that will guarantee world-class performance.





[103-3]

To make sure Drummond Ltd. uses these mechanisms properly, working with best practices, we engage in:



Perception surveys conducted yearly with the communities



- Feedback mechanism for continuous improvement of processes and involvement with communities.



Outside audits



- Yearly accountability to the competent authorities through Environmental Compliance Reports (ICA for the Spanish) to the National Authority for Environmental Licenses (ANLA).
- Regional Development and Communities Report, National Mining Agency (ANM).
- Bettercoal audits of social, environmental, and ethics practices in the coal supply chain.



Coordinated work with different institutions, foundations, and companies.



- Replicate best practices to adapt them to the context and unique characteristics of the area of influence.

Some strategic partners

Municipal and departmental administrations

United States Agency for International Development (USAID)

Agency for Reincorporation and Normalization (ARN)

Association of Banana Growers of Magdalena and La Guajira (ASBAMA)

Asojuntas, Asocomunales, Community Action Boards

AUNAP

COMFACESAR

COMULBANANO

CSIR

Colombian Army

FCC Soccer With Heart

FUNACO

Amigos Forjando Futuro Foundation

Proceder Siglo XXI Foundation

Prosierra Nevada de Santa Marta Foundation

SOYDOY Foundation

Fundación Universitaria del Área Andina

FUNDEBAN

FUNDEMICROMAG

Genesis Foundation

ICBF

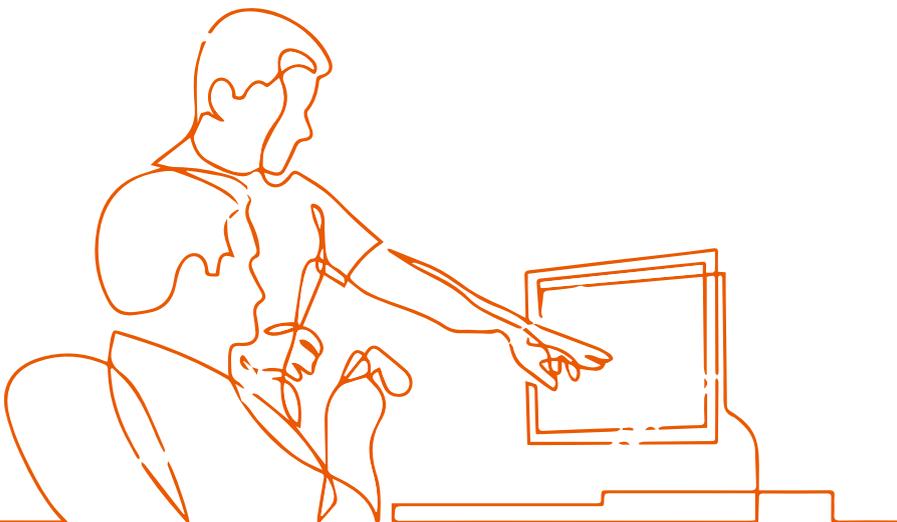
Public schools in the Municipalities in the Area of influence

Lagendijk Brother Holding LBH ingenieros

Social Prosperity

National Learning Service (SENA)

Universidad del Magdalena







[413-1]

Operations with local community engagement, impact assessments, and development programs

In the year 2018, 100% of our operations (mines and port) had development programs, impact assessments, and local community engagement.

In the framework of promoting respect for human rights, we organize meetings each year with people who are looking for jobs and contractors in an effort to include the local population in the supply chain for goods and services. We also conduct perception surveys regarding compliance with the Environmental Management Plan, which includes the socioeconomic aspects identified in the impact assessment. These activities all help identify the community's needs and expectations with respect to the mining and port projects, thereby orienting the actions in our Corporate Social Responsibility (CSR) program.

We define the social impacts based on different factors that depend on some general variables such as the duration of our mining projects, the location of populated areas relative to the

project areas, and expansion plans for the mines. The factors we commonly look at for the impact assessment include: the characteristics of the population in our area of influence (location, population growth rate, distribution by age group, etc.), access to education, healthcare and sports, the programs in the Municipal Development Plans, and the capabilities of the local government to generate productive chains and job opportunities in other economic sectors.

These factors are regularly analyzed to develop the projects for 4 programs:

1

Community strengthening

- Investments in the sectors of education and culture, health and nutrition, recreation and sports, and infrastructure and landscape improvements.

2

Institutional strengthening

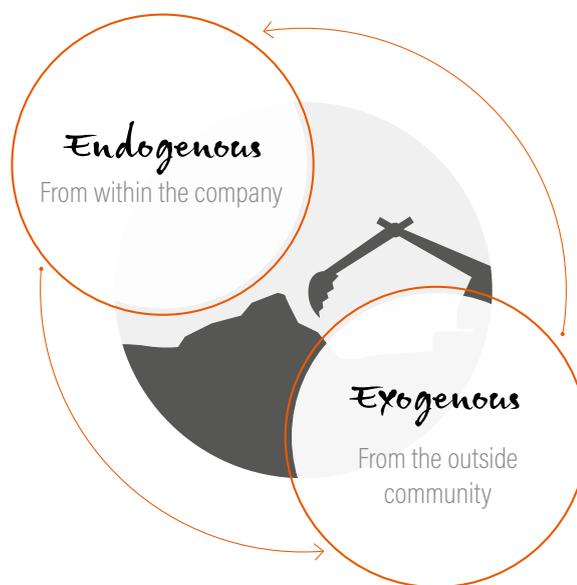
- Activities, seminars, workshops, and diploma courses organized to strengthen the administrative skills of civil society and local governments.



[203-1]

Local community engagement and development programs:

Our company needs decision-making tools that will help guide our efforts to work in favor of the real needs of communities. This assessment of needs is done in two directions:



When initiatives are identified and planned, the company evaluates their viability and the scope of its participation in them. To strengthen this understanding of needs, in 2018 we organized:



Arenas for interaction through field visits to the towns in the area of influence or gatherings at the offices for attention to the community and other stakeholders.

These arenas help align investment and project objectives with the strategies of the Municipal Development Plans. The goals of the local government can thus be met by designing and implementing programs for the development and benefit of the communities.



Training for representatives of the local authorities of communities in the area of influence regarding human rights and project formulation.

4

Information for the community and institutions

- Meetings to share information on the EMP, guided visits to mining and port operations, assistance for communities at points for attention and reception, and the system to report concerns.

3

Peace-building and reintegration

- Development of projects that consolidate the company's commitment to facilitate reintegration into society (post-conflict) and build values through sports.



[203-1]

Infrastructure investments and services supported

Community relations are fundamental to our company's activities, so we are motivated to create strategies that have a positive impact and create value for the community.

The following are the major investments we have made in this area. For further details on the programs or projects making up these categories, please see Appendix GRI 203-1 Infrastructure investments and services supported.

Summary table total executed 2018 (US\$)

Sector		Other contributions to the sector	Total 2018
Education and culture	194,358.11	1,514,829.31	1,709,187.41
Recreation and promotion of sports	89,342.03		89,342.03
Children's health and nutrition	143,384.48		143,384.48
Maintenance of physical infrastructure and roads	45,072.30	191,659.20	236,731.50
Maintenance of church infrastructure	36,364.07		36,364.07
Productive development	34,873.47		34,873.47
Institutional strengthening	11,838.12		11,838.12
Other donations*		28,997.69	28,997.69
Total	555,232.57	1,735,486.19	2,290,718.76

* Investments in programs to inform the community and educational visits to the mining and port operations.



[413-2] **Identification of risks and impacts on the population**
 [203-2]

In our operations (coal mining and transportation), we generate major development opportunities for nearby regions and for the country, but we also recognize that different risks and negative impacts can be generated for local communities in our operations' areas of influence.



Main indirect negative social and economic impacts on the community

- Rise in the cost of living in the towns in the mine's area of influence due to our presence there.
- Large floating population from outside the area that settles in the towns because of the mining operation. This can generate shortfalls in the provision of public utilities for households and pressure on land holdings, especially communally-owned lands.
- Cultural changes in the local population.
- Higher taxes in the municipalities in the area of influence.
- Rise in crime in nearby areas.



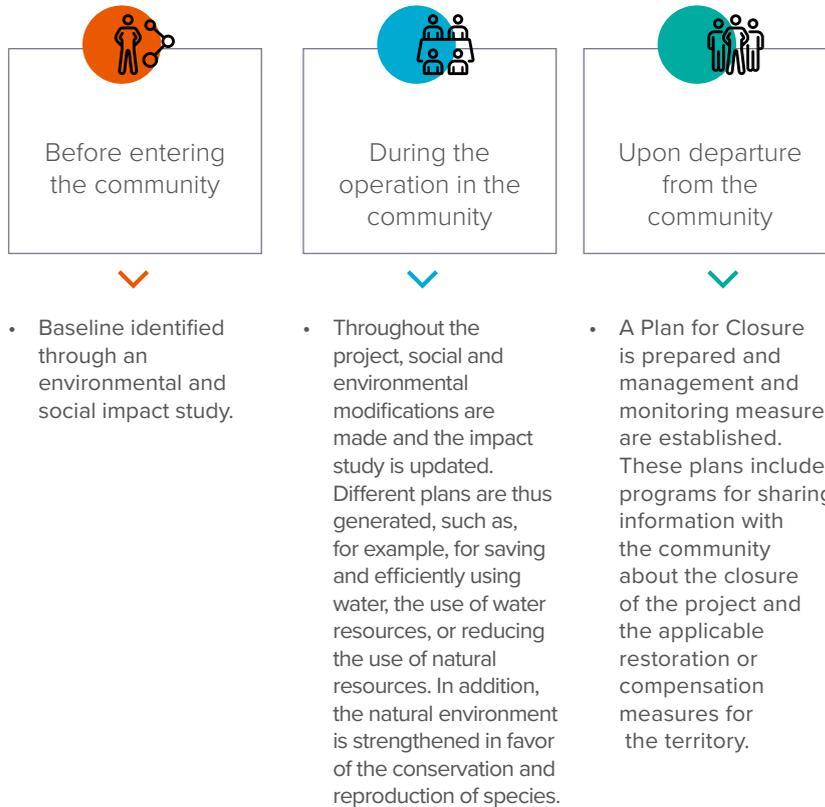
Main indirect positive social and economic impacts on the community and opportunities

- Creation of direct and indirect jobs associated with the mining operation.
- Generation of local skills in activities other than mining, through training in starting and running a business.
- Income generation related to strengthening the commercial, financial, hotel, and restaurant sectors, and the provision of services in general.
- Involvement of small and medium-sized companies from the areas of influence in our supply chain when they meet all of the specifications and conditions for providing goods, materials, and services.
- Diminished risk of inappropriate use of free time for children and young people, through support for education, culture, and sports.
- Increase in tax revenues for the towns in the areas of influence through the dynamism provided by mining in the region.





By characterizing these risks and impacts on the population, we can clearly identify best practices to mitigate and prevent the materialization of those risks at all stages of the operation:



[MM10]

Closure Plans

The environmental licenses that were issued to Drummond Ltd. by the environmental authority for the mining projects and the port include approval for the closure plans that are being executed, in some of their components, simultaneously with the mining. For those that are to be implemented after the mining concludes, the plans are periodically reviewed and adjusted in accordance with changes in the project based on the regulatory context or variations in social, economic, and environmental conditions in the region and in the country.

In this sense, the ecological restoration of surfaces

intervened by the waste rock dumps or the port's perimeter areas currently under development, represents one of the main stages of the closure plan for the operations. This is because these are areas where maintenance will be done of the geomorphology and plant cover even in the post-closure stage.

When the mining concludes, the installations and buildings will be dismantled and/or demolished, the areas that have been intervened will be physically and chemically stabilized, and geomorphology of the land will be reshaped, including the waste rock dumps that at that time are still pending recovery.

Operations with closure plans

Total number of Drummond Ltd. operations

3
2017

Company operations with approved closure plans.

3
2017

All of this is carried out as a function of the area's final land use, in other words, whether it will be dedicated to production, conservation, recreation, tourism, institutional use, etc. We will be talking about future use of the land with the environmental authorities, the local government institutions, and community

organizations, in order to include it in regional development plans.

It is important to highlight that the company has a budget provision for its closure plans. These are updated annually and the resources necessary to execute the plans are set aside for each project.

[MM6]

Land use

[MM7]

In 2018, there were no disputes with local communities or indigenous peoples associated with land use.

There are some land restitution proceedings underway that were filed by private parties who asked the State to restore properties to them that were sold in the past to other people. Years later, they were acquired

by Drummond Ltd., in full compliance with the obligations and requirements established in the environmental licenses issued for the development of our mining operations. Drummond Ltd. has participated in these land restitution proceedings and continues to exercise its right to make a defense, opposing restitution in its capacity as a third-party purchaser in good faith.

Milestones

With an investment of US\$ 2,290,718.76 we brought benefits to more than 1,362,485 people in the direct area of influence of our operations.

In our role as a good neighbor, we executed more than **30 projects in 11 municipalities in the area of influence of Cesar and Magdalena.**

We continued strengthening **the skills of women** in Chiriguana and El Paso by donating sewing machines to Casa Taller de la Mujer Beatriz García Vigna.

We fulfilled the dream of going to **college for 130 high school graduates** from public schools in Cesar and Magdalena.

Challenges

2019

Execute 100% of the consensus-based projects.

2019

Develop and hold Good Government Seminar for Institutional Strengthening.

2019

Continue good relations with stakeholders.

2019

Continue work with the Agency for Reincorporation and Normalization so that more young people can join the Game of Peace.



Work with suppliers and contractors

By incorporating Corporate Social Responsibility into every activity, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information presented in the Work with Suppliers and Contractors subchapter targets:



CSR Strategy

To impart and strengthen skills



Peace and human rights

- Training and promotion
- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



Comprehensive development

- Education and training
- Creating opportunities
- Working environment



Environmental performance

- Environmental sustainability
- Conservation and restoration



GRI CONTENT

SDG TARGET

204-1 Proportion of spending on local suppliers.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small-, and medium-sized enterprises, including through access to financial services.

308-1 New suppliers that were screened using environmental criteria.

308-2 Negative environmental impacts in the supply chain and actions taken.

414-1 New suppliers that were screened using social criteria.

16.1 Significantly reduce all forms of violence and related death rates everywhere.

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

414-2 Negative social impacts in the supply chain and actions taken.

16.1 Significantly reduce all forms of violence and related death rates everywhere.

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.





[103-1]

OUR SUPPLIERS AND CONTRACTORS ARE A DETERMINING FACTOR IN THE LONG-TERM EFFICIENCY, EFFICACY, AND SUSTAINABILITY OF OUR OPERATION. FOR THAT REASON, OUR SELECTION STANDARDS ARE VERY DEMANDING, LEADING TO THE PURCHASE AND CONTRACTING OF GOODS AND SERVICES OF OPTIMAL QUALITY IN A TIMELY AND EXPEDIENT MANNER, ALLOWING US TO CONTINUE GROWING AND COMPETING IN A MARKET THAT HAS INCREASINGLY GREATER LIMITATIONS.

The following four pillars help us select the right suppliers and contractors, preventing risks related to integrity, finances, reputation, industrial safety, the environment, and, last but not least, the operations:



1

Give priority

to contracting and developing local companies in the area of influence of the port and the mining operations, bearing in mind their economic and social impact.



2

Make sure

both suppliers and contractors adhere to the SARLAFT regulations (Money Laundering and Terrorism Financing Risk Management System in Colombia). Check the OFAC list to make sure they are not on it, to be able to comply with the domestic and international regulations we must enforce as a company.

Drummond Ltd. conducts a SARLAFT review every 3 months.



3

Hire solvent

firms that can trace the origin of their capital and meet labor, foreign exchange, and tax laws, among others.



4

Hire companies

with recognized experience with guaranteeing a supply of goods and services, and that implement best national and international practices and follow the OHSAS 18001 and ISO 14001 guidelines and others.



[103-2]

Directly or indirectly employing people from the region can generate a conflict of interest risk with local suppliers and contractors.

That's why we have established, at Drummond Ltd., a strict Ethics Code and we disseminate its contents both inside and outside of the company:

- Conflict of Interest Declaration, filed by our employees with the HR Department (upon joining the company, during the annual appraisal, and when a conflict of interest occurs).
- Conflict of Interest Declaration, filed upon registration of suppliers and contractors with our company's Supplier Control Area.
- Implementation of the Conflict of Interest Committee, which meets regularly and at least once a year, to evaluate the impacts and risks associated with the operation's suppliers, and to establish the associated controls to mitigate or eliminate those impacts.





We have also developed six monitoring tools to ensure we properly manage our suppliers and contractors:

1

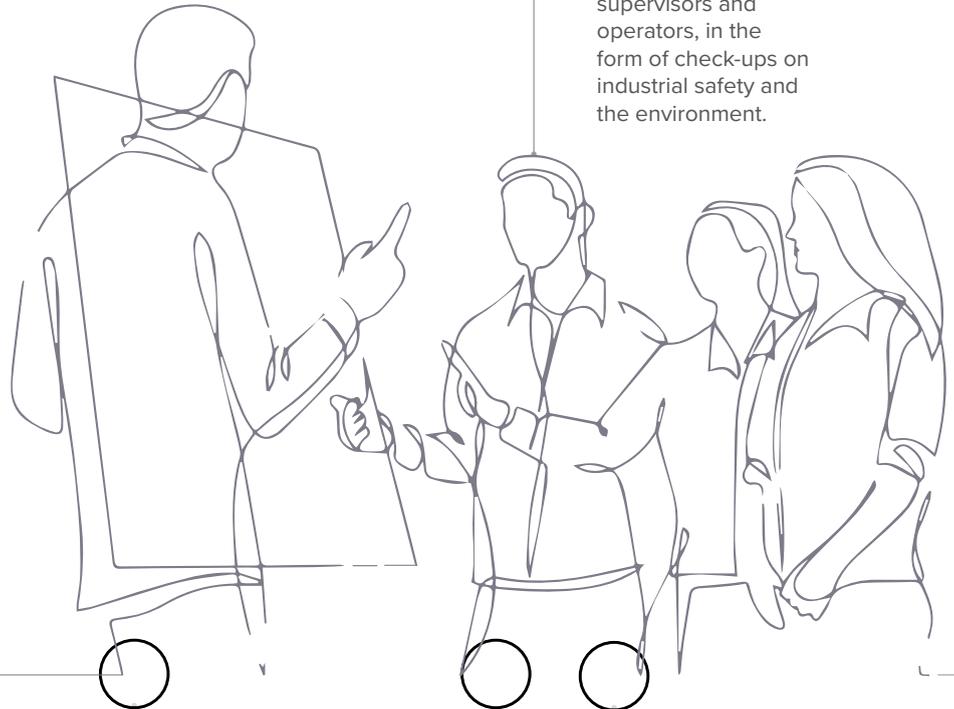
Commitments acquired in the supply of goods and services

- Contracts based on commercial offers that are clear regarding responsibilities, commitments, and the scope of the services.
- Terms and conditions duly signed.
- Irrevocable declarations.
- Sessions to disseminate and talk about the Comprehensive Manual for Contractor and Supplier Monitoring and Follow-up.
- Personal references for personnel.

4

Management by walking around

- Sessions for direct interaction between company directors and the contractors' supervisors and operators, in the form of check-ups on industrial safety and the environment.



2

Policies and guidelines

- Dissemination of our internal human rights policy and conflicts of interest policy.
- Requirement for suppliers and contractors to issue, disseminate, and enforce internal policies.

3

Inspections and audits in industrial safety, the environment, and human rights

- Gatherings related to compliance: regular meetings, inspections, talks, audits, and training sessions.

5

Quarterly meetings of the managers of contractors

- Dissemination of the Occupational Health & Safety results, both for our own operation and for that of the contractors working in the operation.

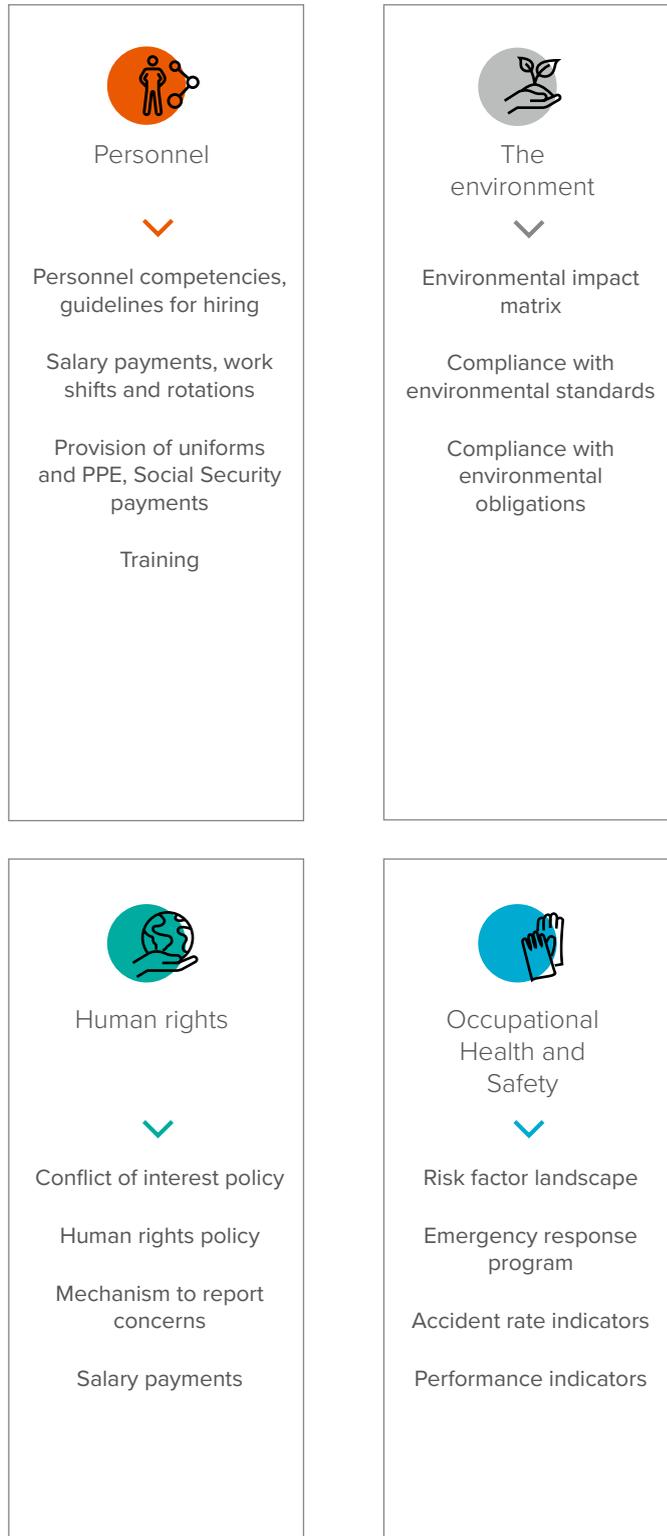
6

Comprehensive Manual for Contractor Management and Follow-up

- This document describes for our contractors the main responsibilities, their own and those of their subcontractors, in reference to physical safety, the environment, corporate social responsibility, and occupational health and safety during the execution of services for our company.

[103-3]

We use an internal audit to assess our strategy for building an increasingly strong chain of suppliers and contractors. The audit is based on criteria related to criticality and the invoice value of the supplies and/or services provided.





[204-1]

[102-48]

As another means of monitoring supplier and contractor performance, we have a solid mechanism for reporting concerns. Anyone can use it to report, directly and/or anonymously, conflicts, anomalies, or infractions of the Ethics Policy or any other matter they believe pertinent in the execution of the company's operations.¹¹

In addition, our supplier evaluations allow us to engage in regular inspections and audits and create arenas for raising awareness.

By strictly controlling access and checking personal references, we prevent the accidental hiring of minors to work in our operations.

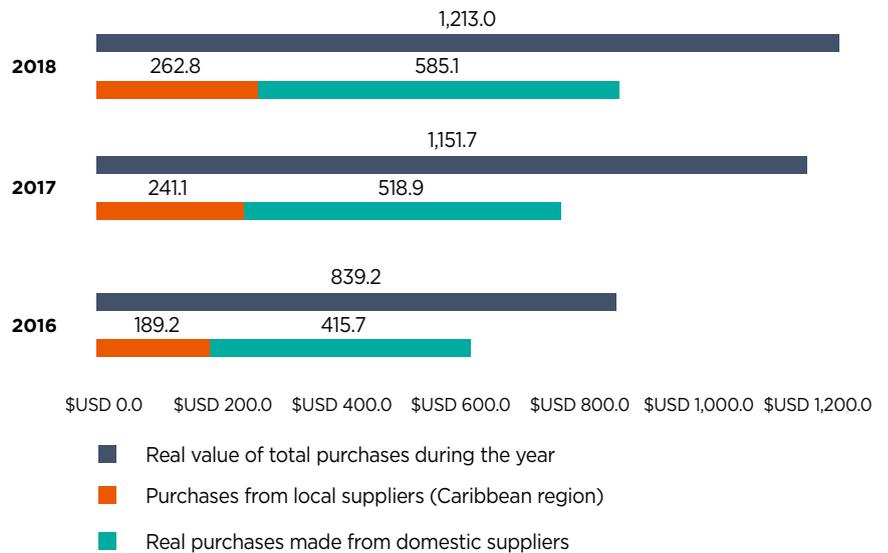
Every month we do random audits to verify payment of contributions to social security, pension funds, and prepaid severance funds for the employees of our contractors.

Proportion of spending on local suppliers during 2018

As we develop our activities, with their demand for goods and services, we actively contribute to making the regional economy more dynamic, providing direct and indirect job opportunities in a high-technology context and under demanding industrial safety, environmental, and social standards. This is one way we contribute to professional and business development in the area of influence.

We define local supplier or contractor as companies whose main office is located on the Atlantic Coast. During 2018, purchases from these local suppliers totaled 31% of all of our company's purchases. Given the stability of local providers, the percentage share of local purchases was not only maintained but also managed to increase as a percentage of total purchases:

Graph 14. Purchases from suppliers in US\$ million



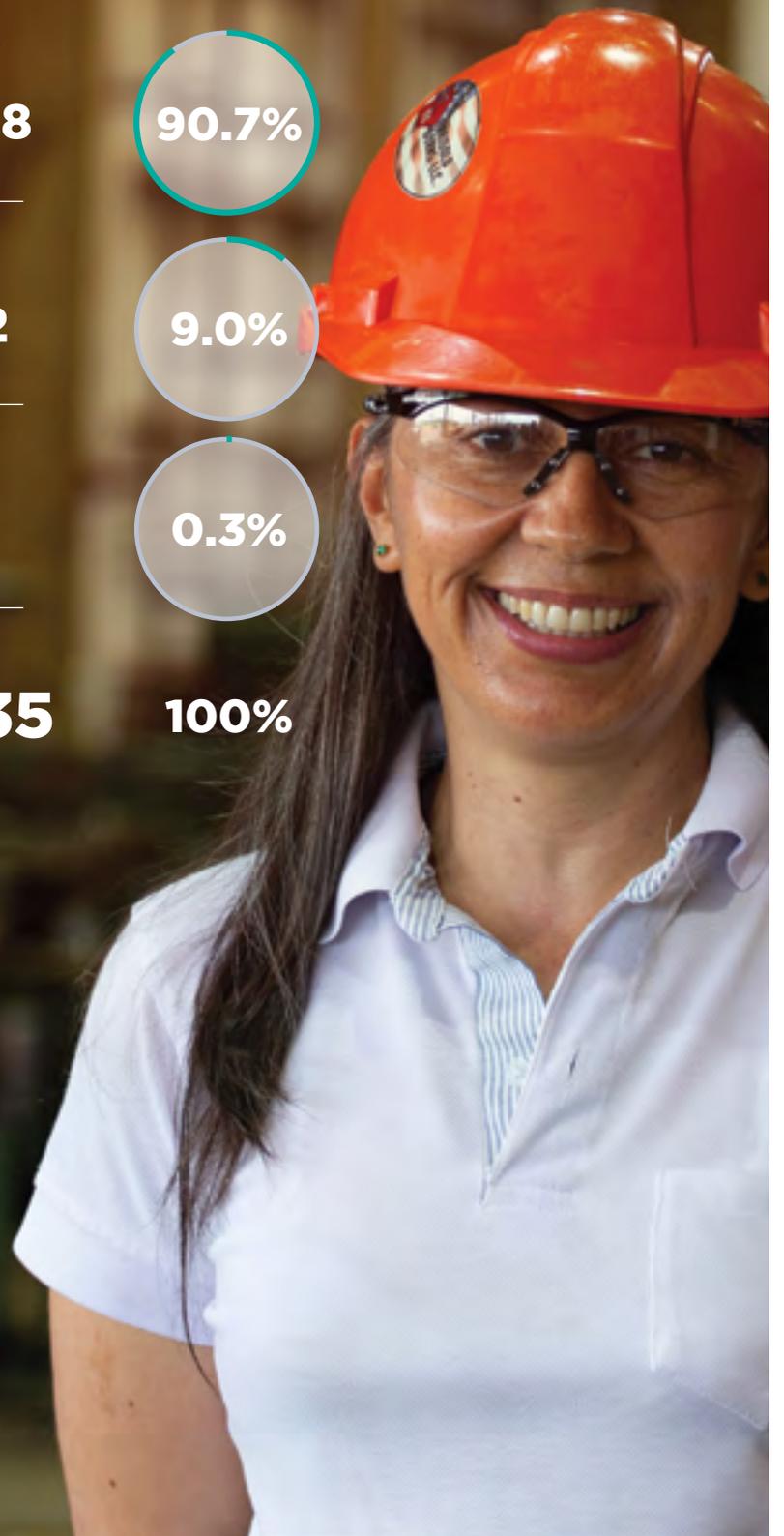
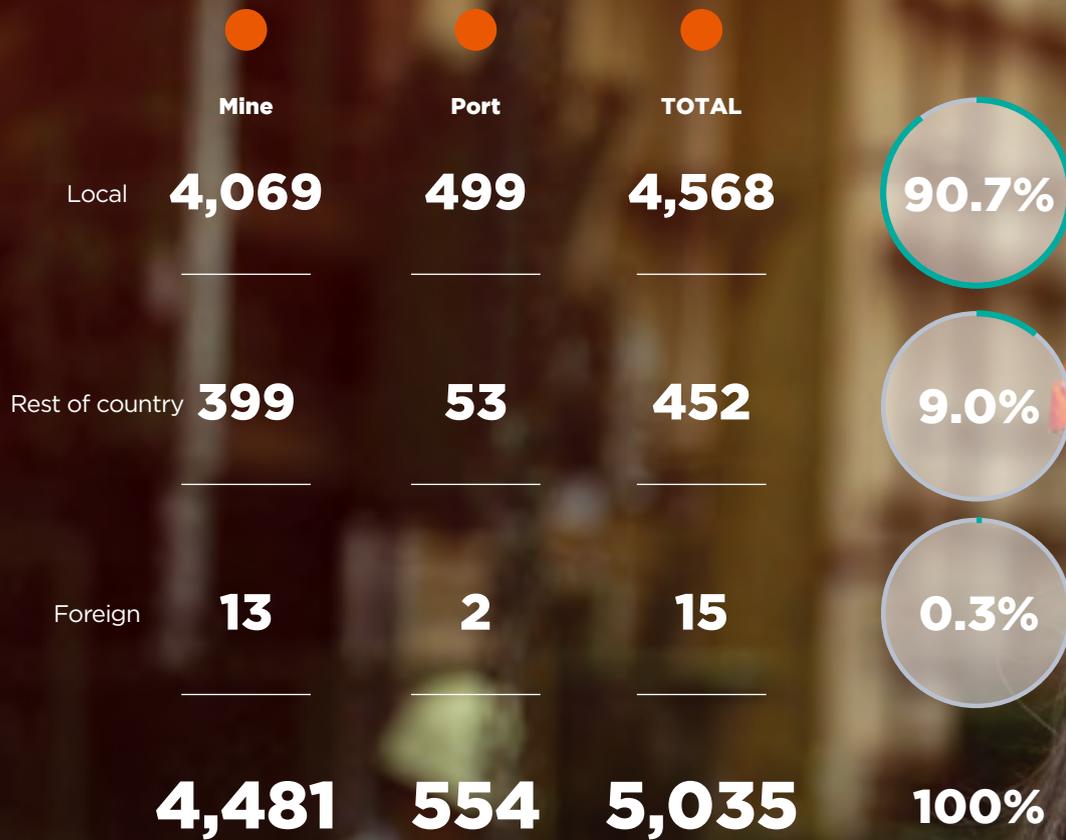
This Sustainability Report states the total amount of purchases in US dollars for the year 2018 compared to the years 2017 and 2016. There are differences between these amounts and the amounts published in the two earlier sustainability reports due to modifications in the methodology for capturing information associated with invoices for purchases and services under contracts with our suppliers.

We have two important suppliers, Ecopetrol and Cenit, that have their main offices in Bogotá, but that provide services to the operation mainly from Santa Marta. Were we to include them in our local purchases, local suppliers would go from 31% to 70%.

Furthermore, at the close of the year 2018, Drummond Ltd. had 930 domestic suppliers, representing 89% of the total. Of them, 448 are local, located in the Caribbean region, mainly in the departments of Atlántico, Cesar, Magdalena and Bolívar.

11. <http://www.drummondLtd.com/wp-content/uploads/Mecanismo-para-denunciar-irregularidades-y-presentar-reclamos.pdf>

Adhering to the policy of giving preference to local labor, in 2018 we were able to improve our statistics for local employees hired by contractors, as seen below:





[308-2]

Environmental and social assessments

[414-2]

When we hire suppliers and contractors, we assess their economic and social impact based on invoicing, tax revenues generated, jobs, and technology transfer at the companies under consideration in the project's area of influence. In the degree that these and other indicators improve, it increases the likelihood that the supplier and/or contractor will remain connected with the mining project.

We also take into account the demand for goods and services on the part of the contractor and its employees, because this increases the aggregate demand.

All of the above helps improve the social climate and local acceptance of the supplier or contractor. It also improves the economic conditions of the supplier or contractor and their employees, by avoiding unnecessary expenditures and the extra costs of maintaining operations at a distance.

For 2018, there were no actual or potential negative social impacts identified. Nor have we been forced to terminate any contractual relationship as a result of the assessment of these impacts.

In addition, during the year 2018, we made 130 inspections of contractors, of which 61 took place at the port operation, and 69 in the mining operations. The main aspects assessed were: waste product handling (recyclable, regular, hazardous, and special waste products), chemical substance handling, and the prevention and control of hydrocarbon and chemical substance spills. The implementation of the inspection program has helped improve the environmental performance of contractors and has generated an organizational culture focused on taking care of the environment.



Negative social and environmental impacts identified in the supply chain



Total number of suppliers with whom there was a relationship in 2018, whose impact has been assessed

69

0

Environmental Social



Number of suppliers with significant actual and potential negative impacts

69

0

Environmental Social



Percentage of suppliers with whom agreements for improvements have been reached after the assessment

100

0

Environmental Social



Percentage of suppliers with whom the contractual relationship has been terminated as a result of the assessment

0

0

Environmental Social



Milestones

31% of all invoicing is from local companies.

The goal for increasing invoicing from local suppliers was 3%, and we surpassed it with an increase of 9%.

The goal was to organize at least one talk to raise the awareness of managers and legal representatives at suppliers and contractors. By the end of the year 2018, the area had organized 3 talks.

Challenges

3%
Increase local supplier invoicing.

3%
Increase hires of personnel in the area of influence by both suppliers and contractors.

2 talks
Organize talks to raise the human rights awareness of managers and legal representatives at suppliers and contractors.

2019
Make progress with the modification of the procedure for assessing suppliers on human rights and social issues.



Administration of water resources

By incorporating Corporate Social Responsibility into every activity, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information provided in the subchapter on Administration of water resources targets:

CSR Strategy

To impart and strengthen skills



Peace and human rights

Training and Promotion

- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



Comprehensive development

- Education and training
- Creating opportunities
- Working environment



Environmental performance

- Environmental sustainability
- Conservation and restoration

3

Environmental Performance



GRI CONTENT

SDG TARGET

303-1 Water withdrawal by source.

6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

303-2 Water sources significantly impacted by the withdrawal of water.

6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

303-3 Water recycled and reused.

6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

306-1 Water discharge by quality and destination.

6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

306-5 Water bodies affected by water discharges and/or runoff.

15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services.





AT DRUMMOND LTD. WE RECOGNIZE THAT WATER IS ESSENTIAL TO LIFE AND TO NATURE, AND ALSO KEY TO THE MINING PROJECT.

[103-1]

Its importance in our company's productive activities

isn't limited to the needs of the coal mining process, but is also based on its use in diverse means of environmental control to manage atmospheric emissions.

For that reason, we have pushed for a study of the meteorological variables behind weather variations and therefore behind the hydrology of the area where we operate. The purpose is to understand how those variables interact, to thus forecast the availability of water.

With that, we can develop a water administration strategy that will guarantee the sustainability of the business without affecting the ability of the environment to provide its eco-systemic services.

[103-2]

Drummond Ltd. has three policies that guide how we manage water resources, based on regulatory compliance, conservation, and sustainability. In the framework of these policies, our commitment is to identify and continuously use best practices for the efficient use of water:



Occupational health and safety and environment policy

<http://www.drummond.com/wp-content/uploads/Health-and-Safety-policy-2018.pdf>



Water conservation policy

<http://www.drummond.com/wp-content/uploads/Water-Conservation.pdf>



Environmental sustainability policy

<http://www.drummond.com/wp-content/uploads/Environmental-Sustainability.pdf>



Regular environmental assessments, based on the results of monitoring, provide us with valuable information for analyzing and defining changes in the mining process and are oriented toward having less of an impact on natural resources and the communities. For example, determining strategic locations for water concession permits not only optimizes water withdrawal for our operation, but also, in some cases, can reduce or even eliminate intervention in the bodies of water in the company's area of influence.



Plan for Efficient Use and Savings of Water

This plan cuts across all of our operations and is based on a detailed understanding of the physical and biological environment in the area of our operation and the needs of the projects. At its core is reducing water consumption, adopting additionality criteria, which focuses on complying with

environmental regulations and also reducing our consumption even further, contributing to the preservation of water resources.

In the framework of the plan for saving water and using it efficiently, we continue to work on the following measures:

Install a collection and recirculation system for the water condensated as a product of the internal processes in the explosives and power generation plants, which would otherwise be lost through evaporation.

Rigorously control water leaks.

Build a network for the collection, storage, distribution, management and use of rainwater and runoff.

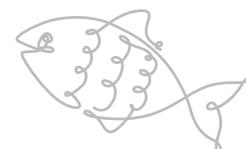
Use stored rain water for spraying roads to control particulate matter.

Promote best practices for use of domestic water through campaigns for raising awareness.

[103-3]

To evaluate our work, we have different tools that allow us to assess our performance in water resource management. Externally, through control and follow-up visits by the National Authority for Environmental Licenses (ANLA) and the CARs (Regional Autonomous Corporations), we validate our compliance with environmental regulations and commitments we have made to those institutions. Internally, we regularly evaluate management and performance indicators.

In addition, public institutions such as the Comptroller General of the Republic, the Inspector General of the Nation, and the National Mining Agency, as well as private institutions such as Bettercoal or consultants hired by the company, frequently inspect our projects to check on our work. Also, because our mining and port operations have ISO 14001:2015 certification, we host constant internal and external audits that follow up on our environmental management system, with an eye toward continuous improvement.





Water withdrawal

[303-1]

Water withdrawal by source

In our operations, we limit our use of water resources to the amount we need for controlling atmospheric emissions, washing coal, and domestic activities. To meet those needs, we have different sources that include everything from withdrawal from surface and underground bodies of water, to reuse of rainwater.

At all points where water is used, we have metering systems that allow us to follow up on the quantity and the use made of different water withdrawals.

More specifically, the port and mining projects are fed from the following sources:



Table 10. Water withdrawal by source

Surface water withdrawal (m ³)		Groundwater withdrawal (m ³)	
Mining operations	Port Operation	Mining operations	Port Operation
634,267 2018	464,185 2018	353,825 2018	621,286 2018
860,793 2017	486,107 2017	414,017 2017	656,133 2017
1,436,313 2016	356,547 2016	362,457 2016	683,788 2016



Our mining projects have rainwater reservoirs. At the Pribbenow mine, we have the Siete Bocas Pond and the North Pit Pond. The El Descanso Norte mine has Pit 1 for collecting and storing water. In the year 2018, the Siete Bocas Pond accumulated 3.2 hm³, the North Pit Pond 13.2 hm³ and Pit 1 accumulated 5.2 hm³.

Surface rainwater and groundwater collected and stored directly by the organization (hm³)

20.30

2018

20.15

2017

Percolating water withdrawal (m³)

TOTAL (M³)

Mining operations		Port Operation		Mining operations		Port Operation	
8,203,354	-	9,191,446	1,085,472				
2018	2018	2018	2018				
7,284,550	-	8,559,360	1,142,240				
2017	2017	2017	2017				
7,498,425	-	9,297,195	1,040,335				
2016	2016	2016	2016				



The significant reduction over previous years in the consumption of surface water in the year 2018 can be attributed mainly to the Plan for Efficient Use and Savings of Water. We are constantly improving our practices, and by replacing the consumption of water from the Paujil Reservoir with water from the Siete Bocas Pond (rainwater), we have seen significant savings:

Graph 15. Surface water withdrawal in m³

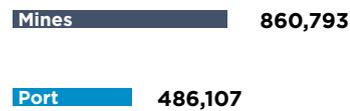
2015



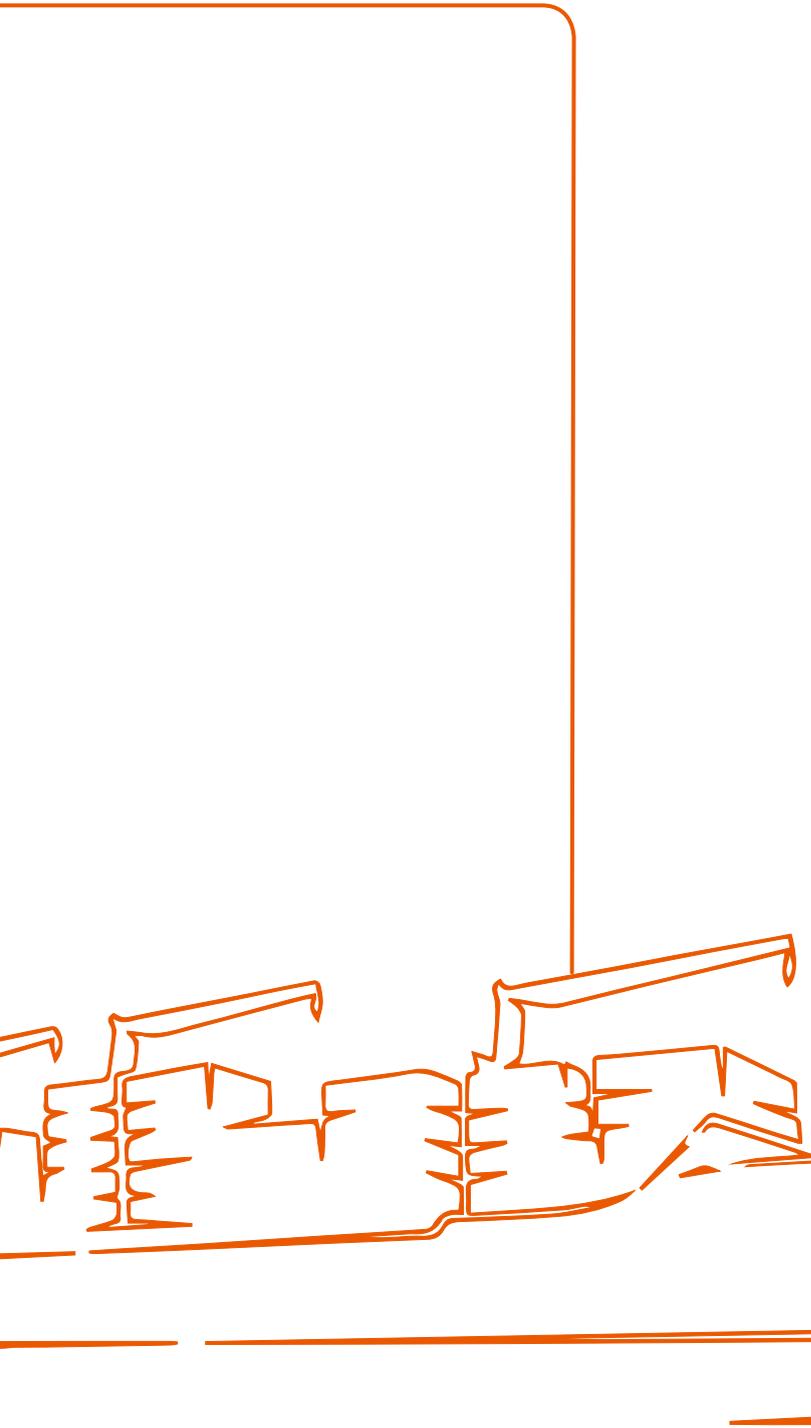
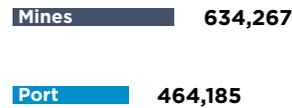
2016



2017



2018



REDUCTION AT THE PORT

5%

Reduction in consumption with respect to 2017

7%

Increase in overall consumption

Relative to groundwater withdrawal, there was a significant reduction in the year 2018 compared to historical levels. This can be attributed mainly to the Plan for Efficient Use and Savings of Water in the groundwater concession.

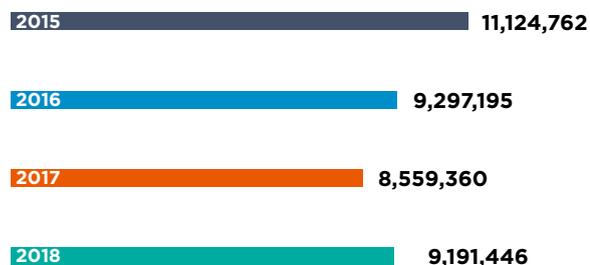
In the case of the Port, in 2018 water consumption went down 5% with respect to 2017. That reduction is the result of implementing measures for efficiently using the resource,

which allowed us to optimize its use in the processes to unload, handle, and load coal in the port operation.

Despite that, and even taking into account the reductions obtained, overall consumption by the mining projects increased 7%. This is due mainly to the growth in the El Descanso Norte mine, which has required greater use of water to control particulate matter by spraying roads:

Graph 16. Total water withdrawal in m³

Total in m³



[303-2] Sources of water that have been significantly impacted by the withdrawal:

We verify through our Environmental Monitoring Program that water is withdrawn without affecting water sources. We analyze the physical, chemical, and hydrological characteristics of the bodies of water under concession, as well as the wastewater treated by our company, and the receiving bodies of water. This translates into a capacity to respond to situations in which the indicators for quality and quantity of the water resources managed are outside of their normal ranges.

One of the basic factors in our belief that there is no significant impact, is that in no case is the annual withdrawal greater than 5% of the volume of water. In addition, the withdrawals our company makes, approved by the environmental authority, at no time exceed the approved limits.

In addition, none of the areas where mining projects are located are in a national or international protection zone and, in terms of biodiversity, no protected species are present. Moreover, there is no certified presence of indigenous peoples in the area where the mining projects are developed.

A strategic factor that also helps our company minimize the impact on the communities in the area of influence is the location of the mining projects. We are located in the lower part of the watershed, downriver from the towns that make use of water resources for farming, domestic consumption, and other activities, all located in the middle and upper portion of the watershed area. This ensures that those population groups will not be negatively influenced by the project.



[303-3]

Percentage and total volume of water recycled and reused

Because our goal is to contribute to the country's economic growth while guaranteeing care for the environment and social well-being, Drummond Ltd. recognizes we have the capability to contribute to the availability of quality water for the economic activities that take place downriver. For that reason, the company focuses its efforts on implementing alternatives adapted to the context, oriented by meeting the goals of the Plan for Efficient Use and Savings of Water.

The main sub processes where actions have been implemented to reuse and save water are listed below:



Percentage of water we reused and saved

Water reused or saved during the year (m³)

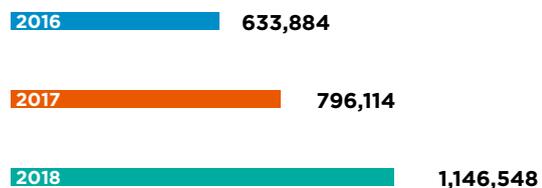


Of all the sub processes mentioned above, the one with the heaviest weight is number five, where the total volume of water saved was **765,301 m³** during 2018. The goal for this sub process was to decrease water withdrawals by a minimum of **200,000 m³** from the Paujil Reservoir (natural source) for processes internal to the mine, and instead withdraw it from the Siete Bocas Pond (rainwater collection pond) during the

driest periods of the year. For this year, the calculations were made using the withdrawal data for the months considered to be low water periods, which are January, February, March, June, July and December.

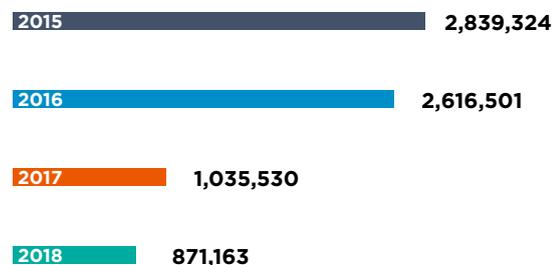
Ultimately, during 2018, the percentage of water we reused and saved was 12%, and that was an increase of 3% over the year 2017:

Graph 18. Volume of water recycled and reused by the organization



In addition, our measurements of water volumes used in the coal washing process demonstrated that in 2018 water consumption went down 18% over the previous year. This was because less coal was washed in consequence of a decline in production:

Graph 19. Water used in the coal washing process



These environmental conservation activities in the context of our operation allow us to use water in the mines and the port without impacting the quality or diminishing the quantity of water in the region. On the contrary, in some cases, **the health of the ecosystems associated with the surface bodies of water has improved**, promoting the creation of habitats for the plants and animals living on the river banks, and maintaining the ecological flow of the water in the rivers and creeks supplying the mines and the port.



Water Discharges

[306-1]

Water discharge by quality and destination

Water quality is a recurrent issue on the international agenda because it is closely tied to public health, economic development, and the vitality of natural ecosystems. Understanding its relevance, at Drummond Ltd. we not only work to reduce water consumption, but our commitment extends to returning the water in conditions that will ensure the preservation of natural ecosystems and the quality of life of neighboring communities.

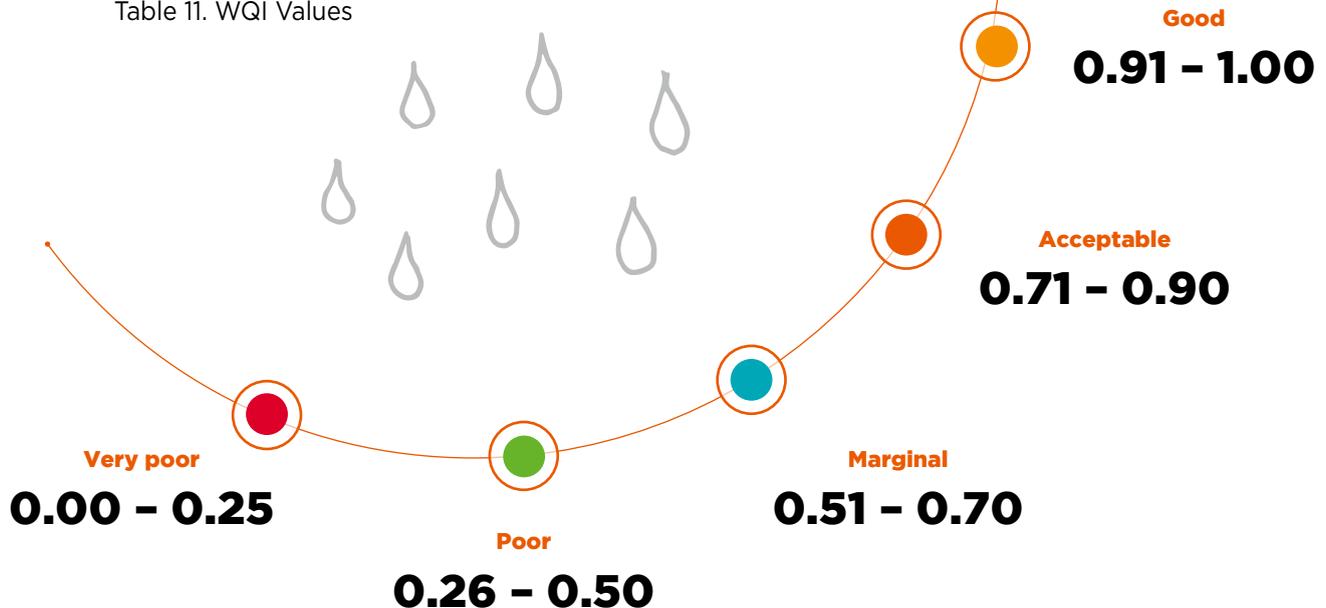
This is validated using systematic monitoring at strategic points along the water sources that supply the mining and port projects and at the inlets and outlets of treatment systems. This monitoring employs the latest technology and highly

qualified personnel. The samples are analyzed at laboratories accredited by the Institute of Hydrology, Meteorology, and Environmental Studies (IDEAM).

With the results from the laboratory, we calculate the Water Quality Index (WQI). This allows us to determine the impacts of discharges on the receiving bodies and the effectiveness of the strategies implemented by our company. The WQI is a tool for identifying the quality of a body of water, either surface or groundwater, and detect problems with pollution. It incorporates physical and chemical parameters, and, in some cases, microbiological parameters¹. The index is interpreted as follows:

¹ Institute of Hydrology, Meteorology, and Environmental Studies (IDEAM). (2011). Hoja metodológica del indicador Índice de calidad del agua (Versión 1,00) [Methodological data sheet for the water quality index indicator (Version 1.00)], System of Environmental Indicators of Colombia – surface water quality indicators. Bogotá D.C., Colombia: IDEAM.

Table 11. WQI Values



According to the WQI calculated for the creeks above and below the discharge points, the quality of the water did not vary from 2017 to 2018, and in some water courses even improved.

Table 12. Comparison of water quality according to the WQI

EH10 (San Antonio UR)	EH22 (San Antonio DR)	EH18 (Garrapatas UR)	EH14 (Garrapatas DR)	EH15 (Paujil UR)
0.78 ● 2018	0.63 ● 2018	* ○ 2018	0.67 ● 2018	0.75 ● 2018
0.76 ● 2017	0.66 ● 2017	0.61 ● 2017	0.65 ● 2017	0.68 ● 2017
0.74 ● 2016	0.68 ● 2016	0.70 ● 2016	0.64 ● 2016	0.68 ● 2016



UR: Upriver DR: Downriver *During 2018, we were not able to take samples at this station.

EH29 (Paujil DR)	EH35 (Paraluz UR)	EH36 (Paraluz DR)	EHD21 (Zorro UR)	EHD12 (Zorro DR)
0.72 ● 2018	0.78 ● 2018	0.71 ● 2018	0.71 ● 2018	0.64 ● 2018
0.64 ● 2017	0.72 ● 2017	0.66 ● 2017	0.66 ● 2017	0.62 ● 2017
0.72 ● 2016	0.65 ● 2016	0.67 ● 2016	0.68 ● 2016	0.61 ● 2016



In general, we saw a reduction in 2018 in the COD and BOD loads discharged with respect to 2017, due to a slight decrease in volumes discharged in consequence of lower precipitation.

Even though the accumulated annual precipitation in the year 2018 was lower than in 2017, there were specific events of high precipitation in the area in the month of October. These were higher than the levels measured

in the last 4 years. These atypical values, in addition to the fact that the drainage areas have grown in size due to the advance in the mining projects, especially El Descanso Norte, generated an increase in the TSS loads entering some treatment ponds. This was mainly true for the ponds that handle larger drainage areas, such as the treatment systems for pond 4 and pond D3 at the Pribbenow mine and El Descanso Norte mine, respectively.



Table 13. Discharge load

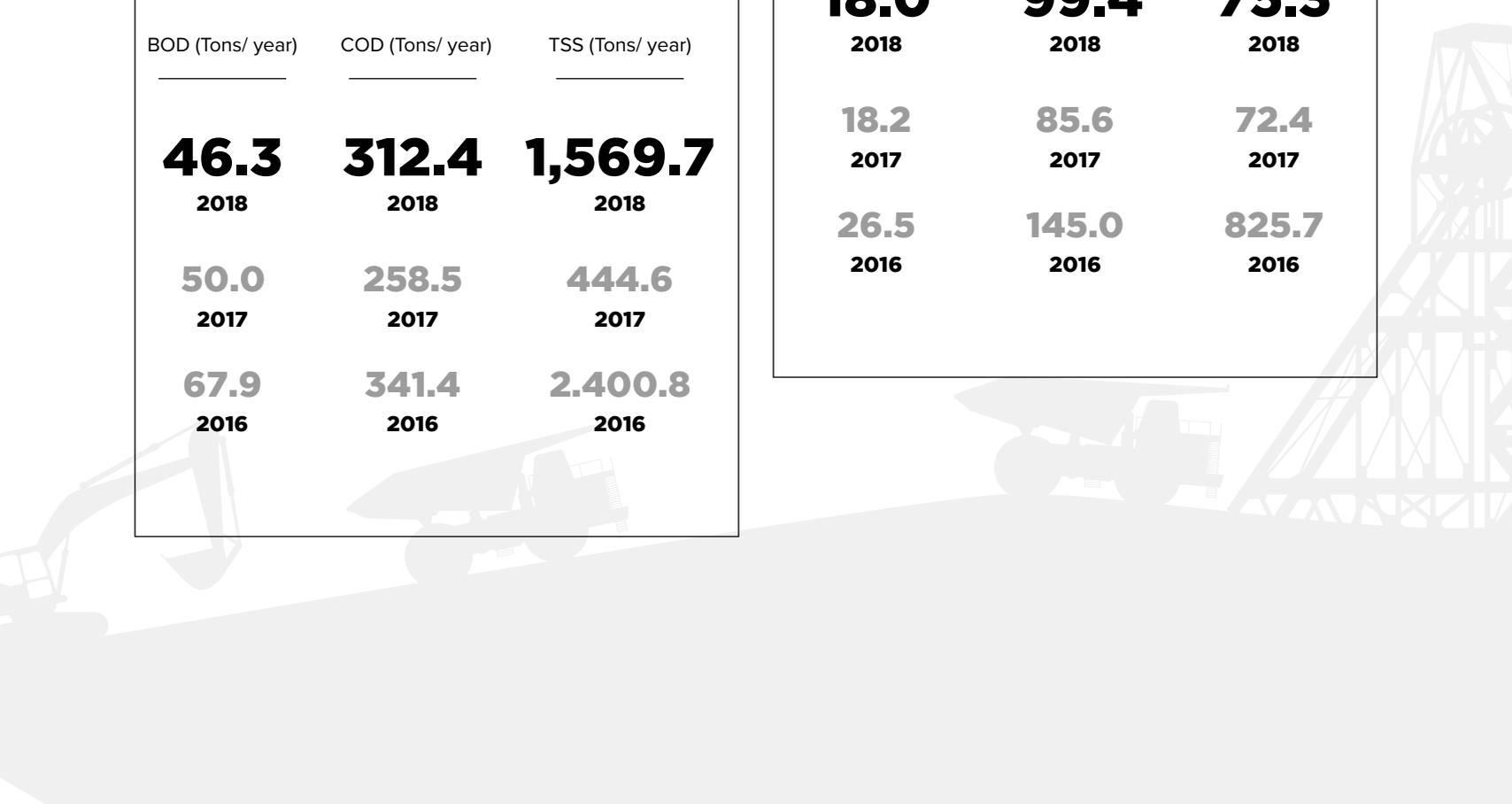
MINE

**Caño Garrapatas:
E 1054054 - N 1548316**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
46.3 2018	312.4 2018	1,569.7 2018
50.0 2017	258.5 2017	444.6 2017
67.9 2016	341.4 2016	2,400.8 2016

**Caño Paraluz:
E 1061286 - N 1554187**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
18.0 2018	99.4 2018	75.3 2018
18.2 2017	85.6 2017	72.4 2017
26.5 2016	145.0 2016	825.7 2016



**Paujil Creek:
E 1067239 - N 1547534**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
1.5 2018	11.1 2018	21.6 2018
1.1 2017	5.5 2017	2.7 2017
4.1 2016	18.2 2016	7.0 2016

**San Antonio Creek (Pond 6):
E 1067062 - N 1545047**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
16.8 2018	120.8 2018	268.8 2018
24.5 2017	128.2 2017	236.1 2017
16.2 2016	77.6 2016	73.8 2016

**San Antonio Creek (Pond 7):
E 1062298 - N 1547956**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
9.4 2018	56.6 2018	256.7 2018
31.7 2017	157.5 2017	222.6 2017
24.0 2016	127.9 2016	264.1 2016

**Caño El Mocho:
E 1053470 - N 1566304**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
■ 2018	■ 2018	■ 2018
1.4 2017	6.9 2017	20.6 2017
3.3 2016	14.8 2016	8.5 2016



**El Zorro Creek (D3):
E 1061836 - N 1570451**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
16.2 2018	120.7 2018	1,283.1 2018
87.6 2017	420.7 2017	976.1 2017
71.6 2016	368.6 2016	2,621.1 2016

**El Zorro Creek (D5):
E 1066368 - N 1572010**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
0.2 2018	1.1 2018	2.9 2018
0.2 2017	0.9 2017	1.1 2017
7.8 2016	42.3 2016	44.2 2016

**El Zorro Creek (D4):
E 1063333 - N 1569004**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
2.7 2018	18.1 2018	212.5 2018
6.2 2017	30.0 2017	132.5 2017
5.1 2016	23.5 2016	45.5 2016

PORT

**Cloud forest:
E 985092 - N 1715645**

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
1.7 2018	7.5 2018	16.1 2018
0.32 2017	1.39 2017	1.44 2017
0.2 2016	0.9 2016	2.4 2016

TOTAL

Total load discharged by Drummond Ltd.

BOD (Tons/ year)	COD (Tons/ year)	TSS (Tons/ year)
74.86 2018	542.35 2018	5,368.35 2018
221.2 2017	1,095.3 2017	2,110.1 2017
226.5 2016	1,159.2 2016	6,290.8 2016

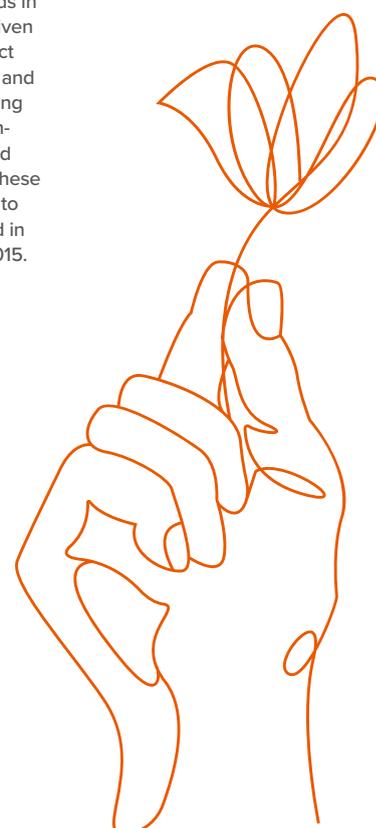
Furthermore, in response to one of the ongoing concerns of communities, associated with the conditions in the bodies receiving water discharges, the Monitoring Plan includes a heavy metals analysis.² This year, unlike last year, the analysis was not done for Pond D2 (El Mocho Creek), because discharges took place only in very specific cases and only sporadically during the year.

When testing for heavy metals, it must be kept in mind that soils in the area are characterized by having high concentrations of iron (Fe). The water, therefore, also has a high content of this metal, which makes it difficult,

even though the high levels are not connected with the mining operations or with the water treatment, to meet the threshold established in the standards.

Despite this, the results of the analysis give the communities peace of mind regarding the quality of water in the streams receiving discharges, because they show that, with the exception of iron, the concentrations of other heavy metals are below the threshold limit values. The majority are even below the minimum value the laboratory can measure, even using highly sensitive techniques of analysis.

² We do special monitoring of the concentration of metals and metalloids in discharged water, given their significant effect on the environment and health. The monitoring has shown compliance with the permitted threshold limits for these variables according to the criteria indicated in Resolution 631 of 2015.





[306-1]

Discharge of heavy metals

Table 14. Maximum concentrations of heavy metals in discharges (mg/l)

Heavy Metals	As (mg/l)	Cd (mg/l)	Zn (mg/l)	Cu (mg/l)	Cr (mg/l)	Fe (mg/l)	Hg (mg/l)	Ni (mg/l)	Pb (mg/l)
Reference value Resolution 631/15	0.1	0.05	3	1	0.5	2	0.002	0.5	0.2
Pond D4 (Caño Garrapatas)	<0.06	<0.0048	<0.6611	<0.036	<0.005	10.353	<0.0006	<0.005	<0.041
Pond 1A (Caño Paraluz)	<0.06	<0.0048	<0.505	<0.036	<0.0048	<0.844	<0.0006	<0.0045	<0.041
Paujil Creek (P5)	<0.06	<0.0048	<0.1588	<0.036	<0.0046	<0.832	<0.0006	<0.031	<0.041
Pond 6 (San Antonio Creek)	<0.007	<0.0048	<0.1588	<0.014	<0.0046	1.8	<0.0006	<0.016	<0.006
Pond 7 (San Antonio Creek)	<0.06	<0.0048	<0.4026	<0.036	<0.0046	5.444	<0.0006	<0.0045	<0.041
Pond D3 (El Zorro Creek)	<0.06	<0.0048	<0.4565	<0.036	<0.025	<7.59	<0.0006	<0.069	<0.041
Pond D4 (El Zorro Creek)	<0.006	<0.0048	<0.167	<0.029	<0.026	<13.4	<0.0006	<0.035	<0.01
Pond D5 (El Zorro Creek)	<0.0045	<0.0048	<0.287	<0.0088	<0.0046	<0.272	<0.0006	<0.0045	<0.0054

[DLTD 306-5]

Water bodies and habitats affected by discharge and run off coming from our organization

With the goal of preserving the ecosystemic services provided by the biodiversity surrounding our mining and port activities, at Drummond Ltd. we implement environmental monitoring at different points in our water management process. More

specifically, we continually monitor our discharges and the quality of the receiving bodies. Simultaneously, we follow up on the environmental indicators for each one of our activities, as our means of following through on current environmental regulations.

Table 15. Bodies of water receiving discharges

 Indicate the percentage of water discharged per year and whether this is greater than 5% of the receiving body of water.

 **If the water discharged during the year is greater** than 5% of the average annual volume of the receiving body of water, describe the size of the body of water and the habitat.

(POND 1A)	(POND 4)	(POND D2)	(POND D3)
 100%	 100%	 0%	 13%
			
<p>Caño Paraluz is located north of the Pribbenow mine. It runs 25 km in an east-west direction from its source, at the site known as <i>Loma de los venados</i> near the village of Boquerón, where it feeds into the Mata de Palma wetland, in the district of Potrerillo. The flow rate of the body of water is 0.11 m³/s.</p>	<p>Garrapatas is a seasonal stream that flows only during rainy seasons. It collects runoff water from the savannah and runs east to west. It flows into the Mata de Palma Wetland. The flow rate of the body of water is 0.41 m³/s.</p>	<p>During 2018 there were no discharges.</p>	<p>El Zorro Creek starts north of Pit 3 in the El Descanso Mine, close to Serranía del Perijá (municipalities of Becerril and Codazzi). It flows from east to west, passing by Pit 1 and feeding into the Sicarare River. The flow rate of the body of water is 0.25 m³/s.</p>



(POND 7)

10%

(POND D4)

2%

(POND D5)

0.2%

(POND D5)

3.8%

(POND D3)

0.4%



Pond No. 7 discharges into diversion no. 3 of the San Antonio Creek, which drains an approximate area of 170 km². It originates in the Serranía del Perijá, and runs from east to west, where it feeds into the Las Ánimas Creek. It has a defined stream bed and has gallery forests on both banks, serving as a receiving body of water for water from the Paujil reservoir built by Drummond Ltd.

NA

NA

NA

NA³

The flow rate of the body of water is 0.06 m³/s.



³ It is important to mention that for the ponds in the graph above, their volume of water and their habitats are not categorized as protected areas. In addition, discharges are not made to Ramsar wetlands, and are not considered important by the communities. Lastly, none of these sources is considered to have high biodiversity value, because they do not have a diversity of species, and there are no endemic species or protected species.

The results presented are based on what has been identified by our monitoring program, which facilitates observing and staying updated on the status of the water quality of surface water sources, and keeping track of the quantity of water withdrawn and discharged. For example, Paujil Creek in the dry season should transport 50 l/s; with the monitoring activities, we can detect the moment at which the reservoir, based on its own capacity, is not contributing the flow the Creek requires to take care of plants and wildlife downriver. We can then activate a pumping system as a corrective measure.

Another relevant example is the case of the Paujil Reservoir, a body of water that is the only surface source of water under concession. The maximum amount for withdrawal is 250 l/s during the rainy season (April-November), and 600 l/s in the dry season (December-March). The monitoring program helped us see that in the April-November period of 2018 an average of 17.97 l/s were withdrawn,

and in the December – March period, an average of 28.11 l/s. This demonstrates that our withdrawals at no time exceeded the limits approved by the environmental authority. On the contrary, they were much lower than the amounts authorized, putting in evidence our good practices for saving water and using it efficiently.

Lastly, as a measure for maintaining clear and transparent communication with our stakeholders, we have different channels for transmitting information about our projects and responding to any alert being provided through the same channels. One of our most relevant topics has to do with access to quality water for human consumption and the development of productive activities. In response to this, our company’s environmental area is always available to answer any question with sound reasoning and supporting evidence to help solve problems outside the control of the organization.

We have different channels for transmitting information about our projects and responding to any alert being provided through the same channels.



PAUJIL RESERVOIR

MAXIMUM WITHDRAWAL WITHDRAWAL BY DRUMMOND

250 l/s

April-November 2018

17.97 l/s

April-November 2018

600 l/s

December-March 2018

28.11 l/s

December-March 2018



[DLTD-03]

To execute all of these strategies defined by the Environmental Area for managing water resources, during 2018 we invested

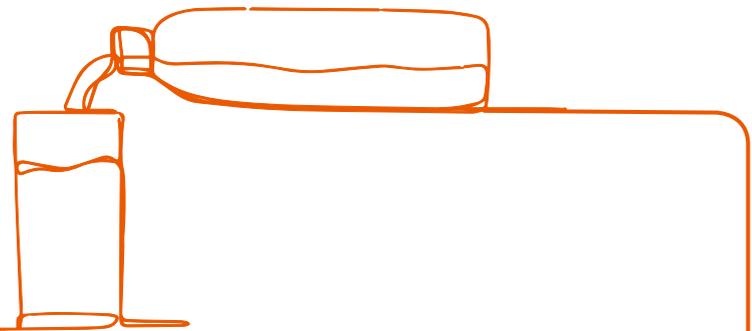
US\$ 2,840,393.23

in the mining projects and

US\$ 296,975.06

in Puerto Drummond

As a result of this, positive impacts have been generated in the area of protecting water sources and making good quality, clean water available for the local population.



Case study



In 2018, we completed the works approved by the environmental authority for realignment number 4 of the San Antonio Creek, in strict compliance with the approved designs. During construction, the corresponding management and monitoring measures were implemented: the humane eviction and relocation of wildlife, recovery of the topsoil, collection of seeds and rescue of seedlings, restoration of the vegetation on the banks of the realignment

channel, implementation of erosion control works, and monitoring of the water quality and of the fish in the channel and its tributaries.

Continuous follow-up is currently underway of the hydraulics, geomorphology, water quality, and the plants and wildlife, in order to evaluate the evolution of the management measures implemented and anticipate and correct in a timely manner any unplanned events.



Milestones

We were able to collect and reuse 1,146,548 m³ of condensate water, significantly surpassing the goal, which was 31,433 m³/year. We expect to maintain those levels in 2019.

We were able to reduce the volume of water withdrawn from the Paujil reservoir at the Pribbenow mine by 226,526 m³ over the year 2017, and by 802,046 m³ with respect to the year 2016. We thus met the proposed goal of a reduction >200,000 m³/year.

We met our goal by obtaining a water consumption index of 26 L of water per ton of coal exported. It is worth highlighting that the consumption index for 2018 went down 4% with respect to the index for 2017.

In 2018, Puerto Drummond used only 32% of the flow granted to it in concession, thanks to its Plan for Efficient Use and Savings of Water.

Challenges

2019
To collect and reuse a volume of condensate water $\geq 31,433$ m³/year in the electric power plant

2019
To maintain the volume of water withdrawn from the Paujil reservoir at the Pribbenow mine at levels below 860,000 m³/year





Air quality

By incorporating Corporate Social Responsibility into every activity, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information presented in the Air Quality subchapter targets:



CSR Strategy

To impart and strengthen skills



Peace and human rights

Training and promotion

- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



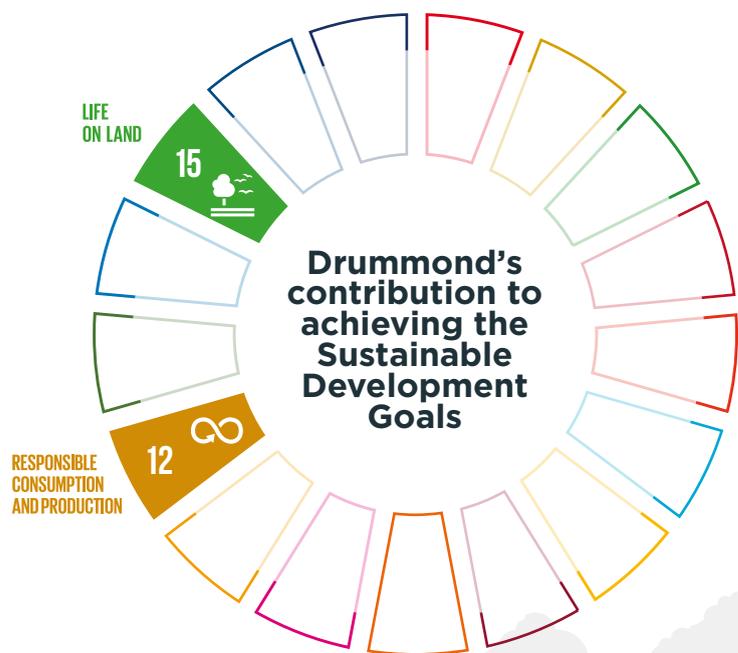
Comprehensive development

- Education and training
- Creating opportunities
- Working environment



Environmental performance

- Environmental sustainability
- Conservation and restoration



GRI CONTENT

SDG TARGET

<p>305-1 Direct GHG emissions (Scope 1).</p>	<p>12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p> <p>15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.</p>
<p>305-2 Energy indirect GHG emissions (Scope 2).</p>	<p>12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p> <p>15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.</p>
<p>305-7 Nitrogen oxides (NOX), sulfur oxides (SOx), and other significant air emissions.</p>	<p>12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p> <p>15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.</p>





[103-1]

THE OPEN PIT COAL MINING PROCESS INCLUDES ACTIVITIES SUCH AS MOVING SOIL, WASTE ROCK, AND COAL, AS WELL AS USING COOLANTS FOR VEHICLES AND MACHINERY. THESE ACTIVITIES GENERATE PARTICULATE MATTER AND THE EMISSION OF GREENHOUSE GASES (GHG).

For our company, having the right air quality control strategies, which take into account the socioeconomic dynamics and the region's weather conditions, is basic to taking care of the health of the people living here and of our workers, and taking care of the natural environment.

[103-2]

Based on this understanding, through the Program for Environmental Monitoring and Management of Air Quality, we identify the impacts of each stage of the process and determine and monitor actions for mitigation.



IMPACT IDENTIFIED

Particulate matter emissions from transportation in our projects, representing 60% of the operations' total emissions

MITIGATION ACTIONS

Reduction of the amount of material transported to outside dumps, increasing backfill. Location of areas for collecting topsoil and/or waste rock at points closer to the operation zones, in order to reduce travel distances.



IMPACT IDENTIFIED

Particulate Matter Emissions

MITIGATION ACTIONS

Encapsulation of dust and coal particles by spraying water using micro sprinklers, water tank trucks and water cannons.



IMPACT IDENTIFIED

Water consumption for spraying

MITIGATION ACTIONS

Reduction campaigns accompanied by the use of biodegradable chemical dust suppressants.

We also were able to identify negative impacts on air quality that are caused by the population dynamics in areas near our operation. An air quality improvement plan was developed for those dynamics, based on a traffic study and an emission inventory in the urban sector of La Loma. It is hoped that this proposal will be implemented in the short run by the corresponding regional institutions, with support from the mining companies.

Identifying and assessing emission sources in towns has been an important work in recent years that has demonstrated that those emissions are even more relevant than the emissions coming from the mining projects. Based on these assessments, we have redirected our control and mitigation strategies. Whereas so far they have targeted our operations exclusively, we are now turning those strategies toward the towns, where they can be more efficient in terms of improving air quality for the people who live there.

Impact not caused by Drummond Ltd.

Traffic on urban roads

CONTRIBUTION TO THE MITIGATION

Reorganization of traffic and paving and cleaning critical roads.

Impact not caused by Drummond Ltd.

Burning garbage

CONTRIBUTION TO THE MITIGATION

Financial and logistical support for implementing an Integrated Management System for Solid Waste Products in the district of Boquerón.

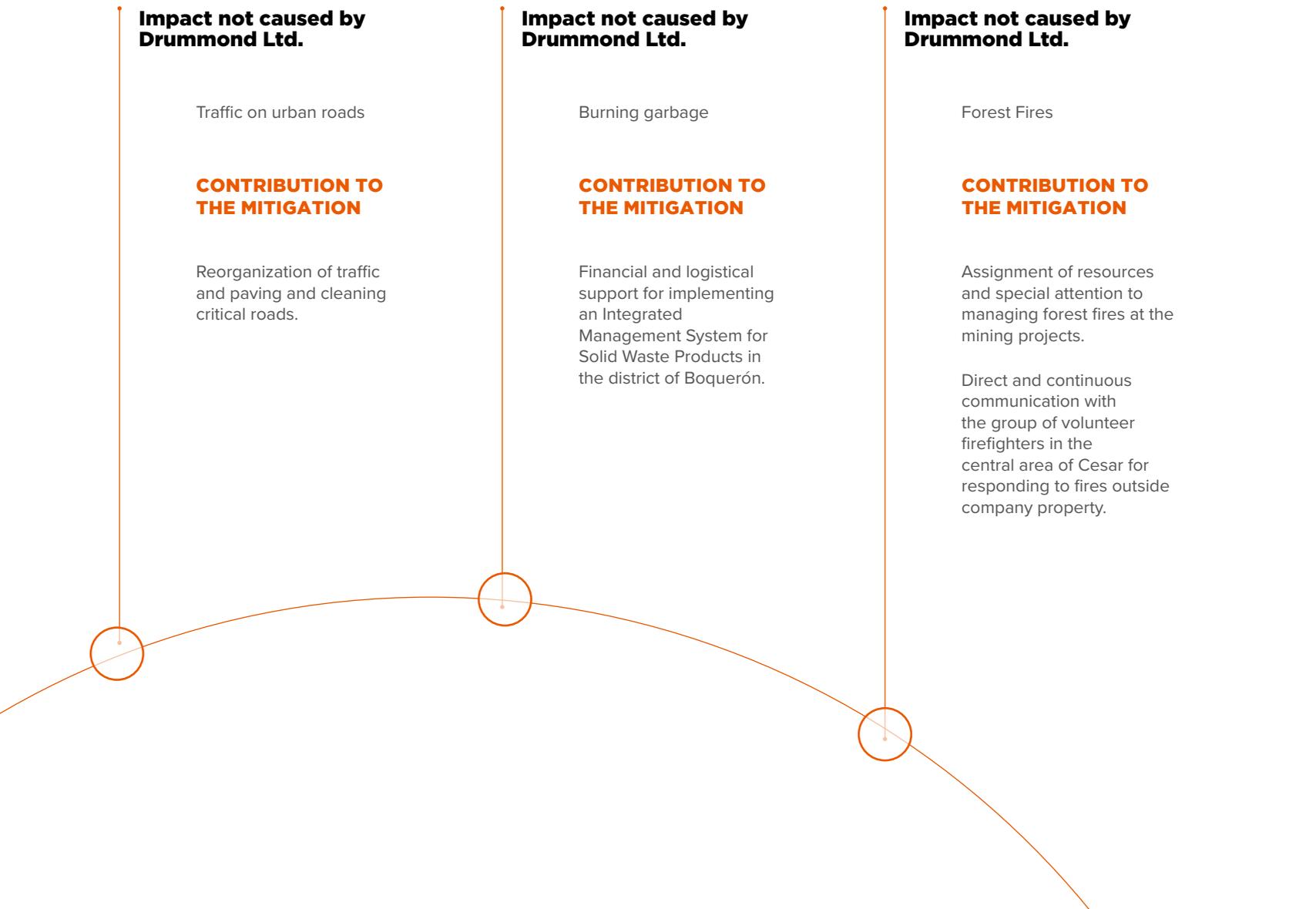
Impact not caused by Drummond Ltd.

Forest Fires

CONTRIBUTION TO THE MITIGATION

Assignment of resources and special attention to managing forest fires at the mining projects.

Direct and continuous communication with the group of volunteer firefighters in the central area of Cesar for responding to fires outside company property.





[103-3]

To determine the effectiveness of the strategies and measures implemented, we measure in real time the PM10 emissions generated by our mining projects. This way, we can make sure they remain at levels that do not affect air quality in nearby towns, and implement control actions and contingency plans in the case of any events that could generate an impact.

Our mining projects and the port project are under the supervision and control of the National Authority for Environmental Licenses (ANLA) and the Regional Autonomous Corporations (CAR), which make regular visits to verify compliance.



[305-1]

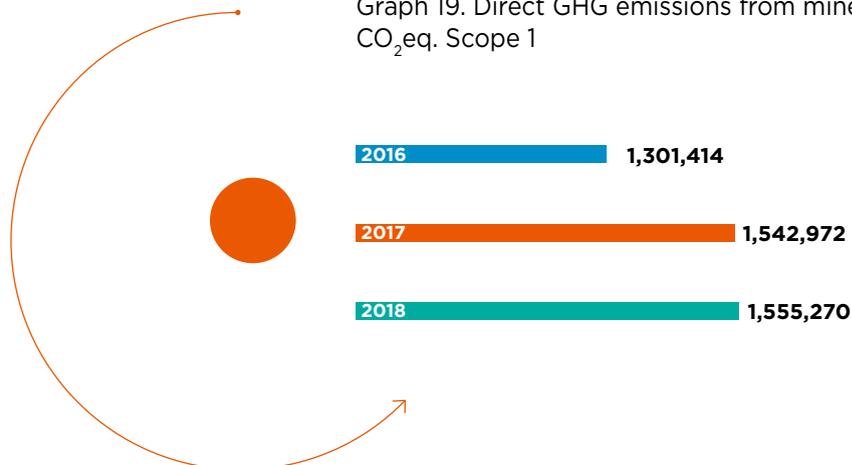
Direct GHG emissions

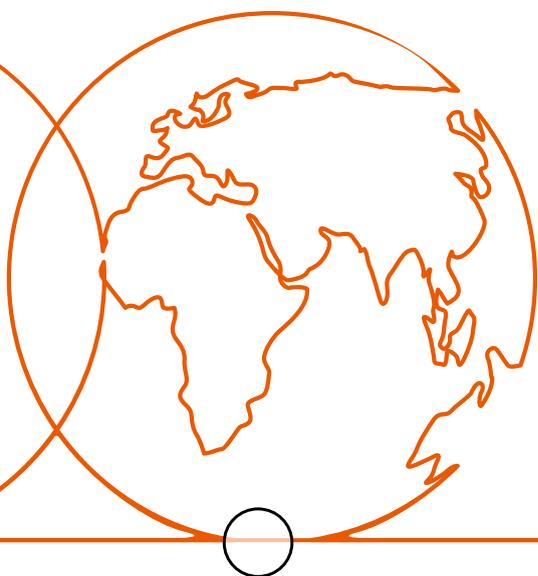
The gases we included in the calculation of GHG emissions in the mining projects are CO₂, CH₄ and N₂O. Relative to biogenic emissions we used, among other things, the FECOC 2016 (emission factors for Colombian fuels). The emissions coming from the use of explosives were estimated based on the Australian guidelines, and the emissions generated by coal seams were assessed using the UPME factors. The consolidation approach for the emissions depends on the operational control.



With respect to the port, GHG emissions were **89,005 tons** in 2018. This calculation was made using a bottom up exercise, to directly apply the standardized emission factors available for Colombia.

Graph 19. Direct GHG emissions from mines - Tn CO₂eq. Scope 1





Energy indirect GHG emissions

[305-2]

One of the characteristics of the mining projects is that their demand for electric power is met through internal generation using the company's own power plant. For that reason, these emissions are included in scope 1.

In the case of the port operation, to estimate the energy indirect GHG emissions, which totaled 89,005 tons of CO₂ equivalent in 2018, we included the gases CO₂, CH₄ and N₂O in the calculation, and used the FECOC factors 2017 for Colombia.



NOx, SOx and other significant air emissions

[305-7]

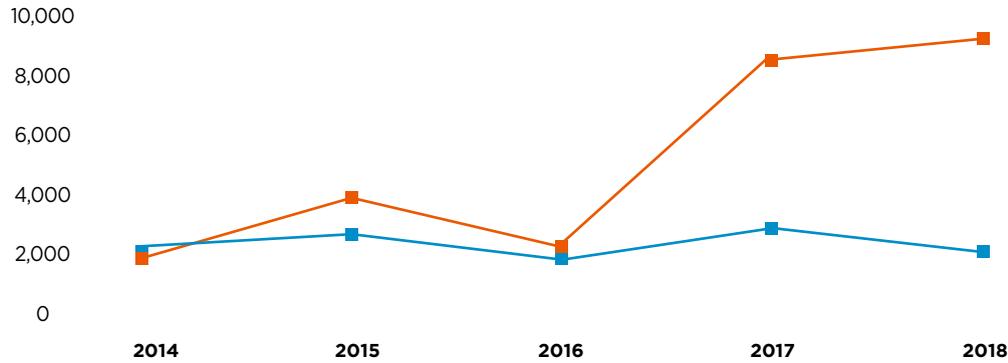
To estimate particulate matter in emissions, we used the AP42 emission factors from the United States Environmental Protection Agency (EPA). According to the results, PM10 particulate matter emissions have remained constant from the years 2014 to 2018 at our Pribbenow mine.

In the case of the El Descanso mine, an increase in PM10 emissions was observed with respect to 2017, a result of the growth in production and material movement that occurred in that project during 2018.





Graph 20. PM10 in tons/year



- Pribbenow Mine
- Descanso Norte Mine

PM10 2018

9,189

El Descanso Norte mine ton/year

2,205

Pribbenow mine ton/year

No graph is presented for PM2.5 because analysis of this pollutant was only begun in 2019. For that reason we will report the data for 2018 only:

PM2.5 2018

123

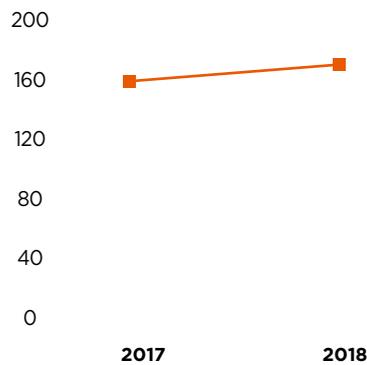
El Descanso Norte mine ton/year

357

Pribbenow mine ton/year

Regarding PM10 emissions at the port, we saw a slight increase relative to the results for 2017. This is due to a slight increase in the average wind speed from 2017 to 2018:

Graph 21. TSP ton/year



PM10 2018

166

Port ton/year

Drummond Ltd. supports its work using the internal monitoring network

for particulate matter (TSP, PM10 and PM2.5) to help us keep this material from heading toward the towns in our area of influence based on factors such as the wind.

With the network, we have real-time measurements that can detect operational factors that have an influence on air

quality. We are thus able to take pertinent measures to manage them in a timely manner, so those emissions do not affect neighboring populations.

Lastly, we did not calculate TSP emissions in 2018 for the mining or port operations, because the latest Colombian legislation, Resolution 2254 of November 1, 2017, does not consider that pollutant.

Milestones

We have 33 water tank trucks:

14 at the Pribbenow mine, 16 at the El Descanso mine, and 3 at the Port. We have the country's largest fleet of tank trucks per production unit, and the one with the greatest spray capacity.

The resources allocated to air quality management at our mining projects in 2018 totaled **US\$ 15,458,044.37, with another US\$ 70,524.97 allocated to the port project.**

We have an internal, real-time air quality monitoring network for each of our mining projects, thanks to which we can engage in more effective operational control.

Challenges

2019

To develop an epidemiological study to determine whether there is any relationship between personal risk, access to healthcare, and environmental factors, and the respiratory and skin health of the people living in the area of influence of the coal mining operations in the center of the department of Cesar⁴.

2019

To maintain daily particulate matter emissions at the port below 300 µg/m³.

2019

To achieve daily emissions of PM10 particulate matter at our mining projects of less than 300 µg/m³.

⁴ Should there be a direct relationship between the health of neighboring populations and the activities associated with the mining operations, a strategy will be designed and implemented to adopt the measures required.



Protection of biodiversity

Drummond Ltd. aligns its corporate social responsibility strategy with the UN's Agenda for Sustainable Development in such a way that our contribution is oriented toward tackling humanity's greatest challenges. The information presented in the Protection of Biodiversity subchapter targets:

CSR Strategy

To impart and strengthen skills



Peace and human rights

Training and promotion

- Peace and social dialogue
- Peace and conflict resolution



Governance for development

- Transparency and citizen oversight
- Strengthening institutions and the community



Comprehensive development

- Education and training
- Creating opportunities
- Working environment



Environmental performance

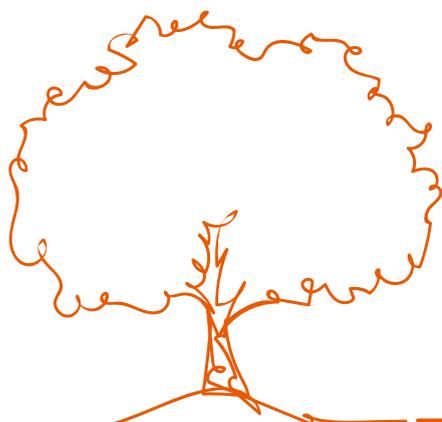
- Environmental sustainability
- Conservation and restoration



GRI CONTENT

SDG TARGET

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	
304-2	Significant impacts of activities, products, and services on biodiversity.	
304-3	Protected or restored habitats.	<p>15.4 Ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.</p> <p>15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services.</p>
304-4	UICN Red List species and national conservation list species with habitats in areas affected by operations.	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species.
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services.
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.	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services.





[103-1]

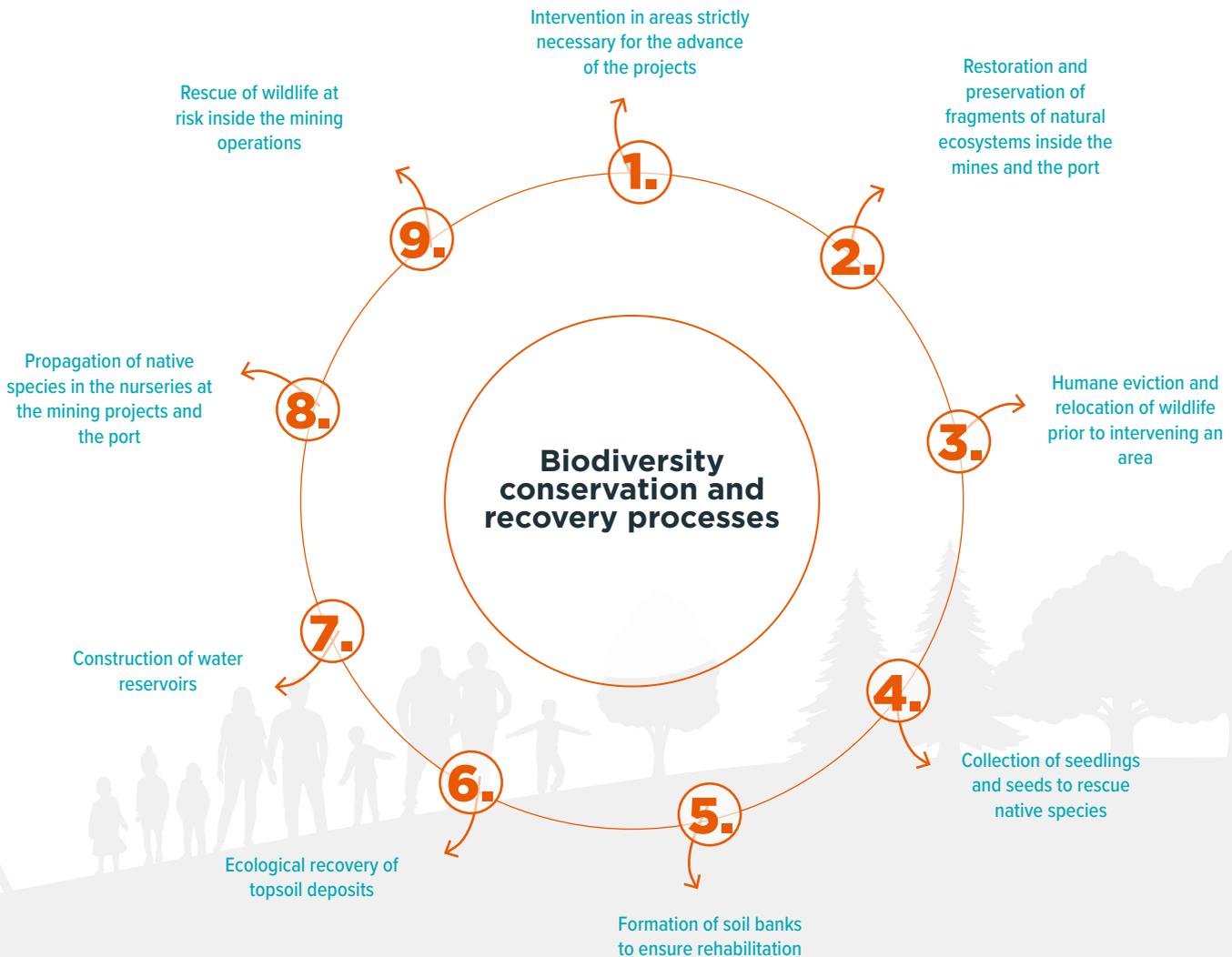
Protecting biodiversity is one of Drummond Ltd.'s

main objectives for our environmental management. It is a priority objective because of biodiversity's relevance for sustaining current and future generations. And it is a priority because of the implications of mining and port projects for

the wildlife and plants in their areas of influence, as well as the company's responsibility to implement timely measures to preserve, conserve, and recover the ecosystems that are the habitat for those plants and wildlife and that are the object of either direct or indirect intervention.

[103-2]

We have therefore designed and put into practice the following strategies:





Drummond Ltd. also has a Forest Compensation Program

that is the first of its kind in Colombia. Its purpose is to form biological corridors between fragments of the different natural ecosystems in the department of Cesar, using restoration and conservation hubs and productive projects as tools for connectivity. These hubs are located strategically on property located in the basins of the Sicarare, Fernanbuco and Casacará Rivers and the San Antonio and Las Ánimas Creeks, as well as in the Mata de Palma and Zapatosa wetlands.

The program operates based on voluntarily agreements with the property owners, holders, or occupants, who, as environmental protectors, implement one of several mechanisms. In compensation, they obtain both environmental and financial benefits based on their participation in the project.

[103-3]

In addition, there are three ways we monitor and evaluate our strategies and tools for protecting local and regional biodiversity: i) internal protocols for checking on the progress of processes and indicators in the Environmental Management System; ii) regular visits and reviews of documents by the environment authorities, who confirm compliance with the company's obligations under environmental licenses and permits for the use and usufruct of natural resources, and iii) visits made by nearby communities to the projects.



[304-3]

Habitats protected, restored, or compensated

Starting during the phase prior to beginning activities at the mining and port projects, and to date, we have periodically studied biotic components with the purpose of understanding the conditions and functioning of the ecosystems where our operations take place. We have formulated protocols for avoiding, mitigating, controlling, and compensating impacts derived from actions such as the complete removal

of vegetation and topsoil in the areas of the mining advance, which has a relevant impact in terms of biodiversity.

Tables 16 and 17 below describe the areas in which those protocols are being implemented in both the Pribbenow and El Descanso mines and at the port, and their relationship with the strategies for protecting, conserving, and restoring biodiversity:

Table 16. Habitats protected, restored, or under compensation processes at the mine



Caño Topacio Diversion

Status: Recovered

DESCRIPTION

Colombia, municipalities of El Paso and La Jagua de Ibirico – El Descanso Mine

Area: 50 ha

In 2018, we completed the process to recover the banks of this channel produced by the diversion of Caño El Zorro.

Verified by: The National Authority for Environmental Licenses (ANLA) and the Autonomous Regional Corporation of Cesar (Corpocesar).





Sororia River

Status: Compensated - Restoration

DESCRIPTION

Colombia, municipality of La Jagua de Ibirico

Area: 11 ha

The restoration of the areas in which the measures have been implemented continues to make satisfactory progress.

Verified by: Forests, Biodiversity, and Ecosystemic Services Department at the Ministry of the Environment and Sustainable Development (MADS), the National Licensing Agency (ANLA) and the Autonomous Regional Corporation of Cesar (Corpocesar).

- We did monitoring in 2018 to establish the progress made in areas in the process of restoration. The results were positive in terms of the status of the ecological succession of the plants.

Status: Compensated - Conservation

DESCRIPTION

Colombia, municipality of La Jagua de Ibirico

Area: 382 ha

The areas are still in the process of restoration and recovery after the death of individual plants in 2017 from hydric stress.

Verified by: Forests, Biodiversity, and Ecosystemic Services Department at the Ministry of the Environment and Sustainable Development (MADS), the National Licensing Agency (ANLA) and the Autonomous Regional Corporation of Cesar (Corpocesar).

- The process is still underway to reach a consensus with the Forests, Biodiversity, and Ecosystemic Services Department at the Ministry of the Environment and Sustainable Development regarding the activities that should be undertaken in the maintenance phase, and regarding the addition of new areas proposed by Drummond Ltd. for conservation and for agroforestry systems.
- Based on the diagnosis done, measures were implemented to improve the characteristics of the soil using organic fertilizers.



Topsoil deposit No. 3, No. 9 and realignment No. 4 of the San Antonio Creek

Status: Recovery

DESCRIPTION

Colombia, municipalities of El Paso and La Jagua de Ibirico - Pribbenow Mine

Area: 1,213.24 ha

During 2018, a process was begun to recover topsoil deposit No. 3 by leveling the terrain and reincorporating and tilling the organic layer of soil, in a surface area equivalent to 13.78 ha. Relative to topsoil deposit No. 9, the recovery process culminated with planting vegetation on 202.03 ha. Diversion No. 4 of the San Antonio Creek, which had an area in which 17.42 ha still needed planting, was also concluded.

Verified by: The National Authority for Environmental Licenses (ANLA) and the Autonomous Regional Corporation of Cesar (Corpocesar)



Table 17. Habitats protected, restored, or under compensation processes at the port



Cloud forest

Status: Compensated - Recovery

DESCRIPTION

Cloud forest compensation

Country: Colombia

Department: Magdalena

Municipality: Ciénaga

District: Papare

Place: Puerto Drummond

Average altitude: 2 masl

Total trees planted: 700

Coordinates: North 1.715.629 - East 985.100

Area: 0.9 ha

The cloud forest at Puerto Drummond is in an intermediate stage of succession, and its dynamics are seasonal. A significant process of natural regeneration can be observed, and the forest is healthy.

Verified by: The National Authority for Environmental Licenses (ANLA) and the Autonomous Regional Corporation of Magdalena (Corpamag).



Toribio River

Status: Compensated - Recovery

DESCRIPTION

Compensation of the Middle Basin of the Toribio River

Country: Colombia

Department: Magdalena

Municipality: Santa Marta DTH

District: East

Property: El Recreo

Distance from Santa Marta: 33 km.

Average altitude: 1150 masl

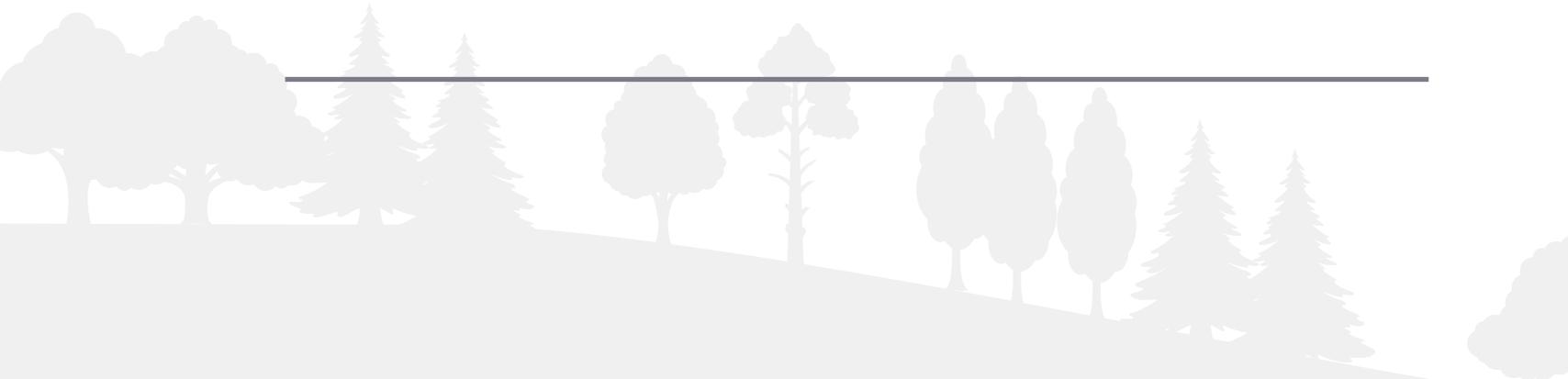
Total area: 20 ha

Area released for reforestation: 20 ha

Total trees planted: 18,380

The forest in formation continues to strengthen connectivity between fragments of natural forest in the watershed area.

Verified by: The Autonomous Regional Corporation of Magdalena (Corpamag).



[304-4]

IUCN Red List species and national conservation list species with habitats in areas affected by operations, by the species' level of extinction risk.

There are areas in our installations, both in the mining and port operations, that are set aside for the preservation and restoration of natural ecosystems. Based on the healthy conditions of these conservation areas, they constitute good habitat for different species of plants and wildlife. In addition, the waste rock dumps, once they begin their process for ecological recovery, will also become a refuge for wildlife and a niche for the natural regeneration of native species thanks to the recovery strategy that includes building water reservoirs.

This is of great importance in ecological terms given both the intervention of the surface by the mining projects and also the land use of neighboring properties. In addition, it gives us an opportunity to conserve populations of plants and wildlife that are on lists of endangered species and that are present at the mines or at the port (Table 18).

Table 18.
Species on conservation lists at the mine

CRITICALLY ENDANGERED SPECIES

- 1. Blue-billed Curassow (*Crax alberti*)
- 2. Red-footed tortoise (*Chelonoidis carbonarius*)

● Name of plant species (common + scientific)

● Name of animal species (common + scientific)

ENDANGERED SPECIES

- 1. Perehuetano (*Parynarium pachyphyllum*)

VULNERABLE SPECIES

- 1. Monkey pot (*Lecythis minor*)
- 2. Comelón (*Leporinus muyscorum*)

SPECIES OF LEAST CONCERN

- 1. Puy (*Tabebuia bilbergii*)
- 2. Southern lapwing (*Vanellus chilensis*)
- 3. Black-bellied whistling duck (*Dendrocygna autumnalis*)
- 4. Double-striped thick-knee (*Burhinus bistriatus*)
- 5. Orange-chinned parakeet (*Brotogeris jugularis*)





Table 19. Species on conservation lists at the port

ENDANGERED SPECIES

- 1. Palo rosa, carreto (*Aspidosperma polyneuron* Müll. Arg.). The species was included in the endangered category (EN A2cd)
- Name of plant species (common + scientific)
- Name of animal species (common + scientific)

VULNERABLE SPECIES

- 1. Palmiche (*Copernicia tectorum* (Kunth) Mart). The IUCN or International Union for Conservation of Nature classification in Colombia is: (VU) vulnerable⁵.

NEAR THREATENED SPECIES

- 1. Wild Cashew (*Anacardium excelsum* (Bertero ex Kunth)). A near threatened (NT) species, according to the Red book for plants of Colombia (Cárdenas and Salinas, 2007)⁶
- 2. Semipalmated sandpiper (*Calidris pusilla*) Migratory species



5 Species not included in Resolution 0192 of February 10, 2014 by the Ministry of the Environment and Sustainable Development.

6 Species not included in Resolution 0192 of February 10, 2014 by the Ministry of the Environment and Sustainable Development.

[MM1]

Amount of land

(owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated

Drummond Ltd. designed and implemented a protocol for the recovery of intervened areas, which has three general stages: a) preparation of the terrain; b) construction of a water management system, and c) revegetation. Depending on the type of area (topsoil deposits or the banks of

diverted water channels) one or all of the stages may take place. The objective of the protocol is to induce the process of plant succession and the ecological functioning of the areas in such a way that they end up being places that protect biodiversity, as described below:



During 2018, no new areas were intervened or restored at the port.

Table 20. Land disturbed and rehabilitated (ha)

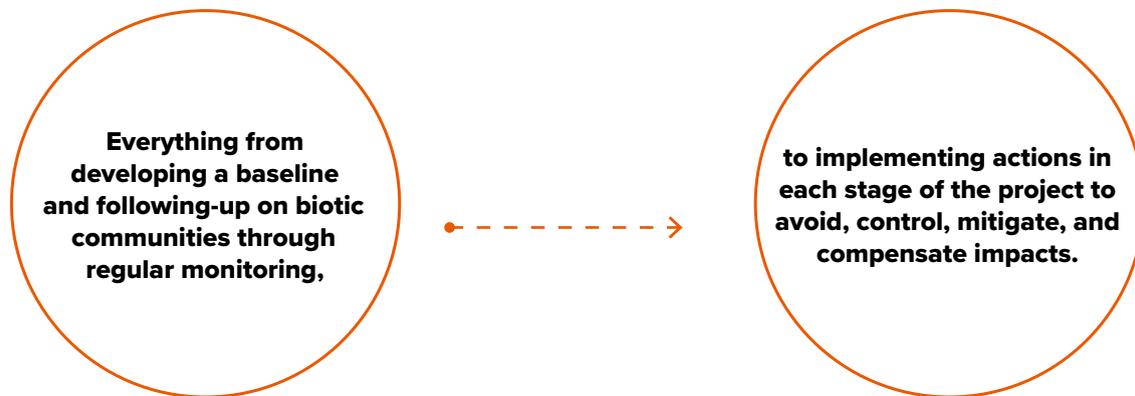
 Total land disturbed and not rehabilitated at the beginning (A)	 Total amount of land disturbed, excluding the land in the component above (B)	 Total amount of land rehabilitated (C)	 Total land disturbed and not rehabilitated A + B - C =
(A)	(B)	(C)	(D)
5,707 2018	772 2018	117 2018	6,362 2018
5,534 2017	256 2017	143 2017	5,707 2017
5,486 2016	119 2016	71 2016	5,534 2016
5,228 2015	316 2015	58 2015	5,486 2015



[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.

At our three (3) operations (Pribbenow mine, El Descanso mine and Puerto Drummond) we protect and enhance biodiversity by executing our environmental management plans. These contain all the measures required for managing and monitoring plants and wildlife:



Case study



The program for the recovery of areas intervened by the mining operations include a first stage that is fundamental for the sustainability of the rest of the process. This stage is the improvement of the soil by planting legumes such as beans and pigeon peas. The results have surpassed expectations, given the productivity in terms of biomass of these two species and the nitrogen they contribute to the soil.

Milestones

In joint work with Corpocesar, during 2018 we released 494 wild animals at the Pribbenow and El Descanso mines,

more specifically at the areas allocated for the protection and restoration of natural ecosystems, which have been recognized in Cesar for their excellent state of conservation. The released species include: red-footed tortoises, Colombian slider turtles, black agoutis, white-lipped peccary, jabirus, and dickcissels.

In 2018, we began a recovery process of more than 150 ha of areas intervened to form waste rock dumps or diversion channels, planting around 60,000 trees of 30 native species.

Challenges

2019

To obtain complete approval from the ANLA for the Pribbenow mine Forest Compensation Program to be able to start the second stage of that program.

Annual

To implement the recovery protocol for intervened areas in no less than 150 ha inside the Pribbenow and El Descanso mines.

2019

To begin execution of the Pribbenow Mine Forest Compensation Program in at least 1,000 ha of the San Antonio Creek watershed area.





Regional outreach and participation

By incorporating Corporate Social Responsibility into every activity, Drummond Ltd. works toward the UN's Agenda for Sustainable Development. The information provided in the Regional Outreach and Participation subchapter targets:

CSR Strategy

To impart and strengthen skills



Peace and human rights

Training and promotion

Peace and social dialogue

Peace and conflict resolution



Governance for development

Transparency and citizen oversight

Strengthening institutions and the community



Comprehensive development

Education and training

Creating opportunities

Working environment



Environmental performance

Environmental sustainability

Conservation and restoration

4

Governance for Development



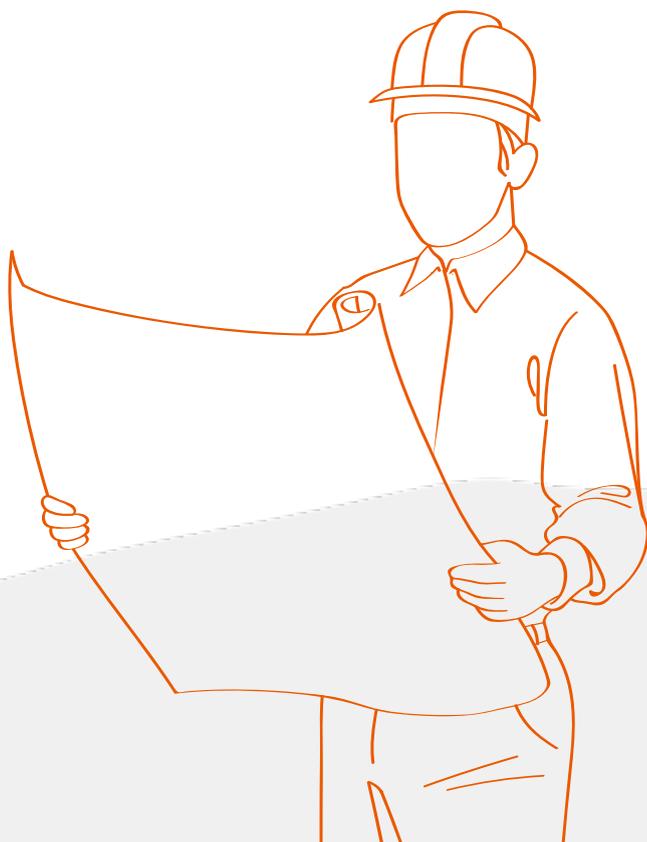
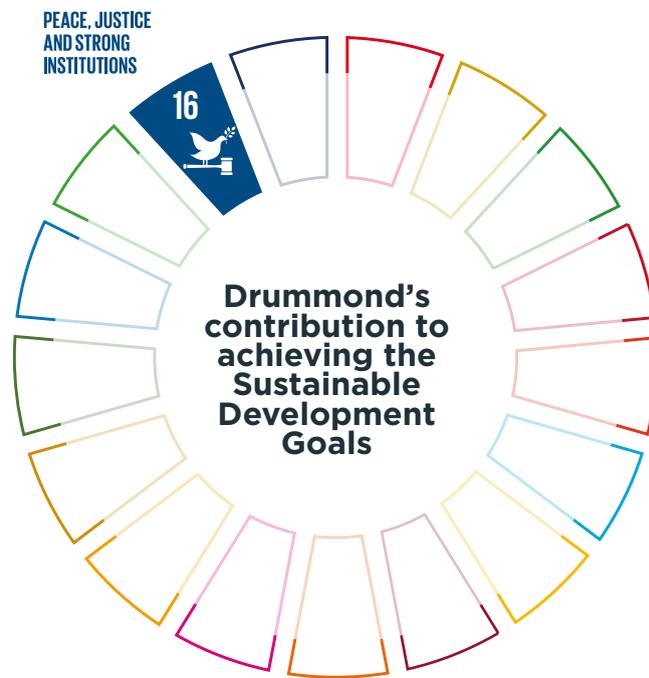
GRI CONTENT

SDG TARGET

415-1 Contributions to political parties and/or representatives

16.5 Substantially reduce corruption and bribery in all their forms.

16.6 Develop effective, accountable and transparent institutions at all levels.





[103-1]

DRUMMOND LTD. ACTIVELY PURSUES PARTNERSHIPS WITH NATIONAL AND REGIONAL STAKEHOLDERS, SO THAT JOINTLY WE CAN BUILD AND PROMOTE SHARED VISIONS FOR THE FUTURE.

These partnerships contribute to regional socioeconomic development, mitigating impacts that our operation could cause in the medium run in the areas of influence of the mining and the port.

Our relations with our key stakeholders are very important to our company: employees and contractors, the State, the community, and civil organizations and associations.

The main impacts include social, economic, and political

transformations in a region where the local institutions have limited capacity to respond to changes in the needs and expectations of communities. Correctly identifying and managing these impacts will mitigate the risk they might affect human rights, or lead to a possible protest by citizens, something that has an impact on both daily life and the continuity of the operation. Being involved in these matters is an opportunity for our company to promote initiatives that work in favor of defining the region's future in the medium run.

Being involved in this matter is an opportunity for our company to promote initiatives that work in favor of defining the region's future in the medium run.

[103-2] We manage these impacts along two lines of action:

[103-3]



ACTION LINES FOR REGIONAL ENGAGEMENT

●
INTERNAL

●
EXTERNAL



Corporate Social Responsibility Committee



Mechanisms for reporting concerns



Corporate policies



Working Group on Human Rights and Coal



Energy Mining Committee (CME)



Extractive Industries Transparency Initiative (EITI)



Royalties Investment Follow up and Evaluation Committee in the department of Cesar (CSIR Cesar)





At the internal level, managing this material aspect means defining policies in the areas of corporate social responsibility, human rights, communications, and communities and resettlement. It means meetings of the Social Responsibility Committee each quarter to analyze and evaluate the impacts and risks derived from operations in the areas of influence and define mechanisms for managing them. It also means providing grievance mechanisms. These mechanisms are described in the User Attention Manual, which contains guidelines for filing requests, suggestions, and complaints related to any area of concern, as well as the internal procedure for properly attending to them. The Social Responsibility Committee evaluates and resolves these concerns, implementing the company's system.

Outside the company, managing this material aspect means active participation in each initiative we're involved in. In the case of the Working Group on Human Rights and Coal and the CME, that

means participation in the annual working sessions where we analyze and assess the initiatives undertaken and the company's role in them. We also update human rights risk management methods every semester. With the EITI, we participate in the publication of the specific report for Colombia. In this case, the initiative certified Colombia as the only Latin American country in the category of 'Satisfactory Progress,' which identifies it as a State that meets the standards for transparency in the management of non-renewable natural resources. We are proud to share that in our case, there were no differences found between the figures we reported and those reported by the Colombian government. For the Cesar Royalties Investment Follow-up Committee (CSIR for the Spanish), we helped develop in consensus a working plan that we evaluate in annual follow-up meetings that are documented in an activities report generated by Universidad del Area Andina, as the Technical Secretary of the initiative.

At the internal level, managing this material aspect means defining policies in the areas of corporate social responsibility, human rights, communications, and communities and resettlement.



Milestones

Our Social Responsibility Committee met quarterly to define strategies for managing impacts from the operation in the areas of influence. During the fourth quarter of the year, preparation began for the Bettercoal audit, which will take place during the first quarter of 2019.

As a member of the Working Group on Human Rights and Coal, we made a **joint declaration rejecting threats against people's lives and integrity**, as well as a reflection on the contribution companies can make to help the State with its duty to protect threatened citizens.

We organized two sessions for dialogue with community representatives and two with a group of more than 100 contractors to talk about specific issues identified in the human rights risk matrix.

We continued with our effective involvement in the EITI initiative by submitting relevant information.

We continued giving the CSIR the logistic support necessary to **engage in regional oversight and supervisory activities of the investment of royalties**.

challenges

2019

Go through the full cycle of the Bettercoal audit for the second time, obtaining an outstanding assessment for all areas evaluated.

Based on the audit, we will adopt as necessary and in consensus with Bettercoal, a Continuous Improvement Plan, with a complete reevaluation within a five-year period.

2019

Review and adjust all corporate policies.

The objective is to adjust them in form and content to make sure they are in line with the international standards and best practices adopted.

2019

Begin the process for improving the system for reporting concerns with stakeholder participation.

Improving reporting mechanisms implies confirming the pertinence of the channels, involving stakeholder needs and expectations in their redesign.

2019

Continue involvement and participation on the CME Board of Directors, having an influence on recommendations issued such as the human rights and security protocols.

2019

As part of the Working Group on Human Rights and Coal, contribute to the trust-building project in Cesar and the recommendations for managing dispossession risks.

2019

Continue submitting relevant information for the preparation of the EITI Colombia Report.

We will participate in the initiative to define a regional strategy to take the information in the report to the producing regions.

2019

In addition to continuing to offer logistical support to the CSIR, accompany the preparation of the Work Plan 2019, especially in terms of strengthening the communication strategy that will publicize its work.



Work in resettlement

[103-1] **Properly managing resettlement is of great value in keeping our operation sustainable and effective. This topic is very important for us as a company, because managing resettlement poorly could have social and reputational impacts that not only affect our operation, but also the environment in which we operate.**

[103-2]

[103-3]

The national government issued a resettlement order to our company and the mining companies Prodeco and CNR. To make sure we meet this obligation, together with other companies and under the technical direction of Socya in its capacity as the resettlement operator, we are engaged in a consensus process with the community. The goal is to jointly structure and implement a Resettlement Action Plan (RAP).

A participatory process has led to structuring this plan, with accompaniment and follow-up from the National Authority for Environmental Licenses (ANLA), the participation of the regional and local governments, and the presence of human rights guarantors such as the Ombudsman's Office of Colombia. The objective of this process is to mediate and jointly build agreements with the stakeholders on how to carry out this resettlement. The conversations between company and community spokespersons and representatives take place on consensus committees facilitated

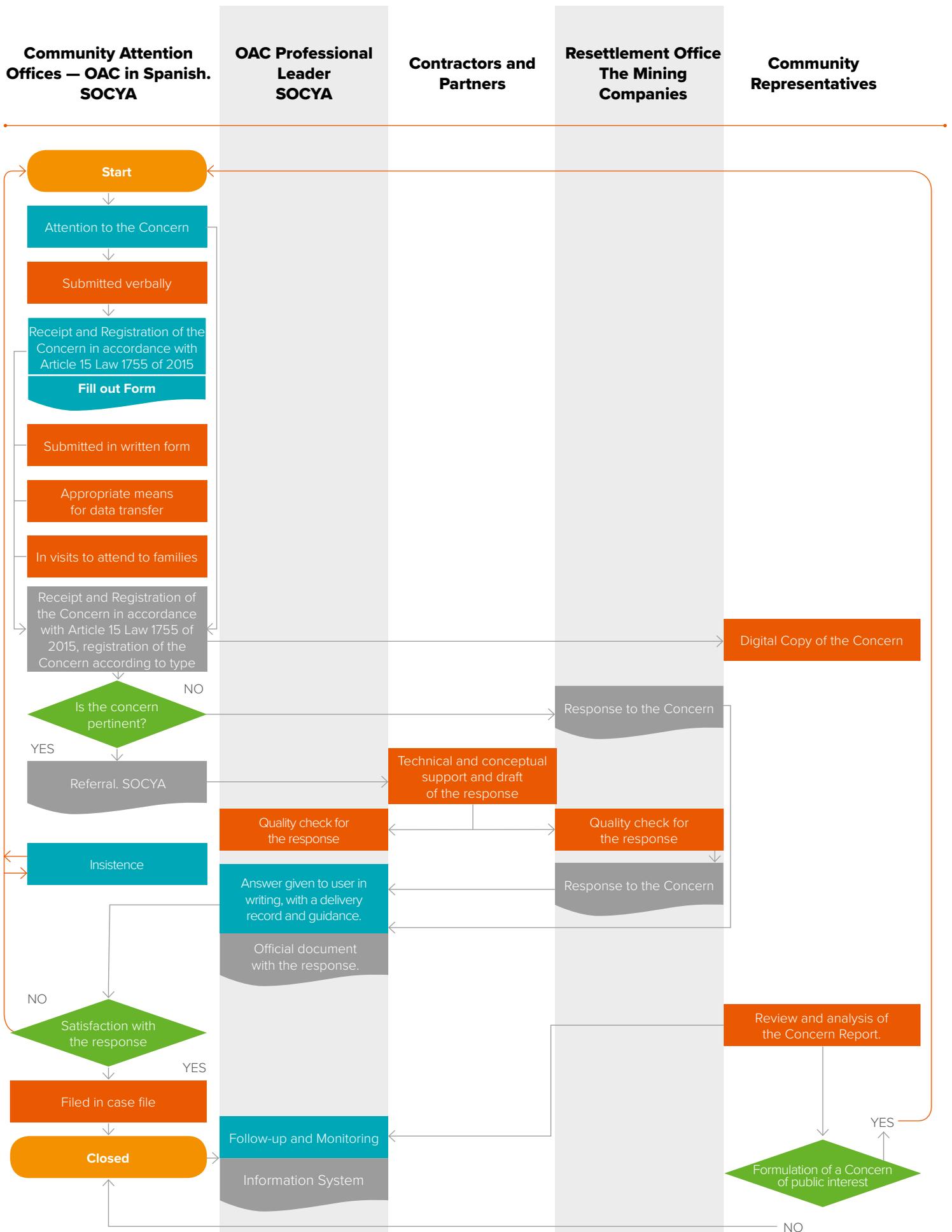


and moderated by the operator, which is an expert in involuntary resettlement.

The process includes a grievance procedure for the communities involved, giving us the capacity to respond to differences of opinion, questions, requests, complaints, and grievances. The tool establishes formalities and a process to follow for receiving concerns and responding to them within a determined time period.

Socya, as the resettlement operator, manages the system. Its Community Attention Offices receive, register, classify, and channel the concerns. It delivers the responses and implements methods for following up on the different cases, using a mechanism shared by the companies and the auditor.

The process includes a grievance procedure for the communities involved, giving us the capacity to respond to differences of opinion, questions, requests, complaints, and grievances.





In the year 2018, 400 petitions were received, and 304 were closed out as of December 31:

	EL HATILLO	BOQUERÓN	PLAN BONITO
Concerns filed	352	42	6
Concerns in process	86	10	0
Concerns closed	266	32	6

The most frequent topics of these concerns were:



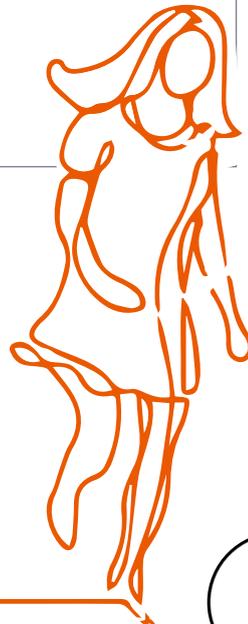
Requests for support for individuals or groups (for higher education, recreational events, infrastructure improvements, and others)



Reports of social changes (births, marriages, divorces)



Objections to property appraisals, or to the applicable compensation framework



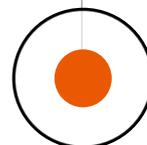
El Hatillo

We signed the RAP on November 29, 2018.

During 2019, we will implement the information and consultation process family by family, to continue signing the individual contracts corresponding to each family group. At the same time, we will move ahead with the acquisition of the property required for relocating the families. Pending is the administrative paperwork for modifying the land use, and the completion of the procedures for the corresponding permits and licenses to build the new town.

[MM9]

The following are the activities and advances for the year 2018:



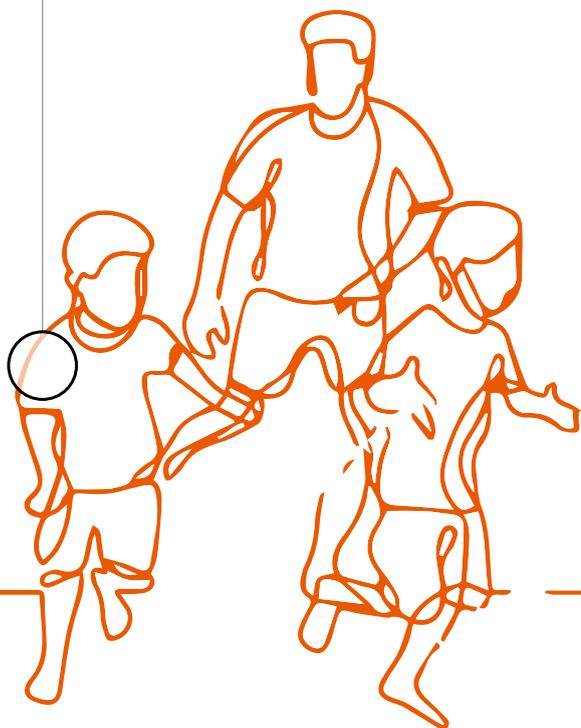
Boquerón

- After doing the topographic survey in 2016 and 2017 to determine the number of properties involved, during 2018 we moved toward reaching a consensus on the methodology for structuring the socioeconomic census. We hope to finish writing the census during the first quarter of 2019.

- Simultaneously, in 2018, we continued implementing actions to improve the quality of life of the families living in Boquerón, such as: maintenance and improvement of the area's drinking water treatment plant; the creation of jobs in our company and through the operation's contractors; construction of a children's park; improvement of the chapel in a local park; the delivery of school supplies for children; work with senior citizens in conjunction with other companies involved in the resettlement process; and the signing of agreements with the office of the Mayor of La Jagua de Ibirico to promote healthcare, education, culture, sports, and assistance for senior citizens.

Plan Bonito

- In Plan Bonito, we continued implementing the Livelihood Restoration Program for the families relocated in 2015. This program focused on projects in education, healthcare, and entrepreneurialism for the **475 people** making up the **98 families** living in the old village. We will continue to engage in this social intervention throughout the year 2019.



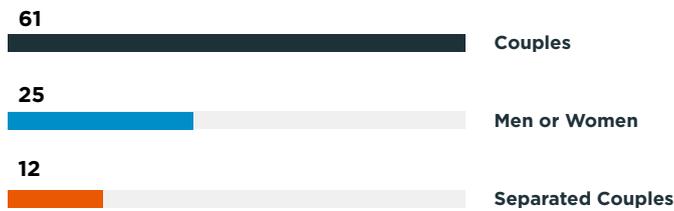


Livelihood Restoration Program

December 31, 2018

POPULATION PLAN BONITO

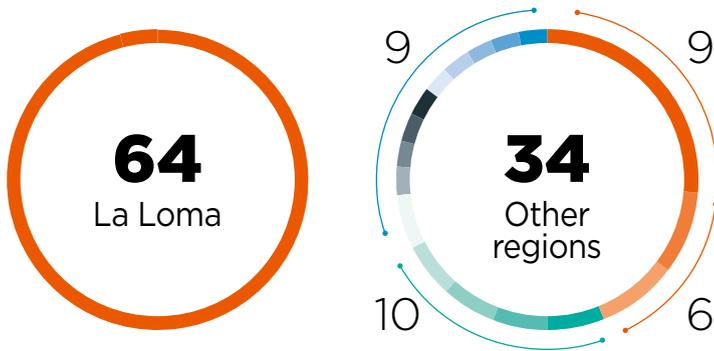
Families by Household Representative



475
People

98
Families

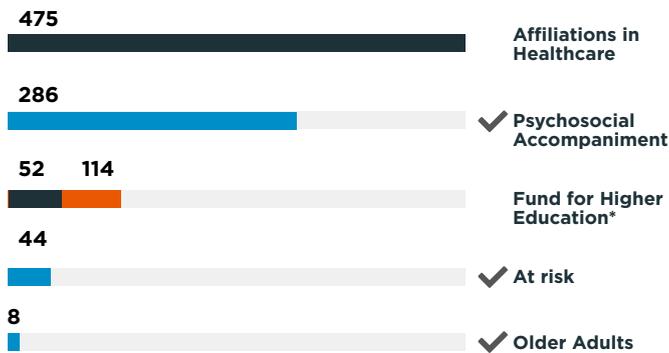
Families



- 2 Santa Marta
- 2 Riohacha
- 2 San Juan del Cesar
- 2 Agustín Codazzi
- 2 Aguachica
- 1 Pijiño del Carmen
- 1 Soacha
- 1 Bogotá D.C.
- 1 Bosconia
- 1 Ariguani
- 1 Barranquilla
- 1 Fonseca
- 1 Becerril
- 1 Chiriguaná
- 9 La Jagua de Ibiricó
- 3 Valledupar
- 3 Ciénaga

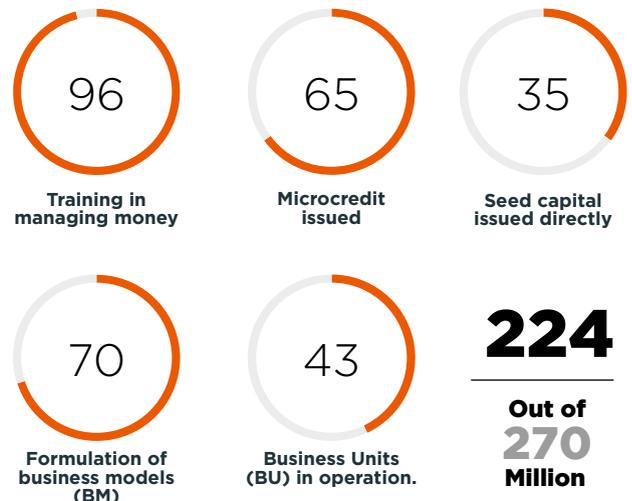
HUMAN AND SOCIAL CAPITAL

Number of people



* The goal of the Higher Education Fund is to benefit 114 people, and as of December 31, 2018, 52 young people were benefiting from the fund.

FINANCIAL CAPITAL



Milestones

We have seen the following results in the area of employability in the communities involved in the resettlement process:

- 62 people hired from El Hatillo, 18 directly by Drummond, and 44 indirectly by the operation's contractors.
- In the case of Boquerón, 50 people were hired to work in our operation - 23 directly and 27 through contractors.
- From Plan Bonito, there are 8 people directly employed in our operation, and 44 people employed by contractors.

All these jobs are in the different processes of our mining operation.

Challenges

2019

Continue strengthening the job and income creation lines with the communities involved in the resettlement process.

2019

Conclude the process for informing and consulting with the families in El Hatillo involved in the resettlement process.

2019

Obtain the special modification of the urban regulations in El Paso to get the Rural Planning Unit required for developing the new town of El Hatillo.

2019

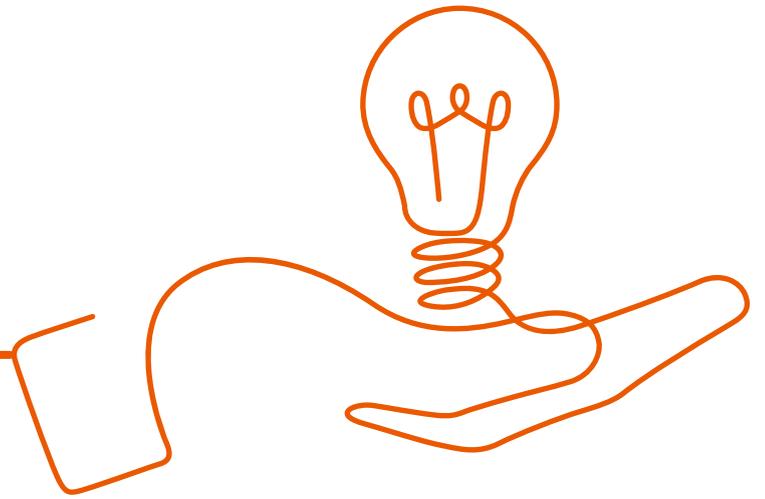
Formally begin the census of the population of Boquerón, and improve community infrastructure by expanding the district's Children's Development Center and the installations of the Community Action Board.

2019

Advance toward concluding the Restoration of Livelihood Program in Plan Bonito, especially in terms of the physical appearance of housing.







GRI ¹

Table



[102-55]

GRI Content Index



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with the appropriate sections in the body of the report.

GRI Content Index Drummond Ltd.

GRI Standard	Content	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)
GRI 101: FOUNDATION 2016 ORGANIZATIONAL PROFILE					
GRI 102: General Disclosures 2016	102-1	Name of the organization.	p.6		YES
	102-2	Activities, brands, products, and services	p.6		YES
	102-3	Location of headquarters	Bogotá, D.C. p.6		YES
	102-4	Location of operations	p.6		YES
	102-5	Ownership and legal form	Privately-owned branch of a foreign company, p.6		YES
	102-6	Markets served	p.6		YES
	102-7	Scale of the organization	p.7		YES
	102-8	Information on employees and other workers	p.8		YES
	102-9	Supply Chain	p.31, p.48		YES
	102-10	Significant changes to the organization and its supply chain	There were no significant changes during the year 2018 at Drummond Ltd. p.48		YES
	102-11	Precautionary principle or approach	The company's position on the precautionary principle is to abstain from engaging in operations when they could presumably cause a serious risk to public health or the environment, even when there is as of yet no definitive scientific evidence of that risk. In other cases, the measures are taken described in Chapter 3 Environmental Performance.		
	102-12	External initiatives	p.69, p.70		YES
102-13	Membership of associations	p.70		YES	
STRATEGY					
102-14	Statement from senior decision-maker	p.18			
102-15	Key impacts, risks, and opportunities	p.18			

GRI Content Index Drummond Ltd.

GRI Standard	Content	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	
ETHICS AND INTEGRITY						
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	http://www.drummond.com/about-us/our-commitment/?lang=en , p.27		YES	16. Peace, Justice and Strong Institutions 16.6 Develop effective, accountable and transparent institutions
	102-17	Mechanisms for advice and concerns about ethics	p.28		YES	16. Peace, Justice and Strong Institutions 16.6 Develop effective, accountable and transparent institutions
GOVERNANCE						
	102-18	Governance Structure	p.24		YES	
	102-19	Delegating authority	p.25		YES	
	102-20	Executive-level responsibility for economic, environmental, and social topics	p.24		YES	
	102-26	Role of highest governance body in setting purpose, values, and strategy	p.24		YES	
	102-32	Highest governance body's role in sustainability reporting	p.14		YES	
	102-33	Communicating critical concerns	p.25		YES	
	102-34	Nature and total number of critical concerns transmitted to the highest governance body. Mechanisms used to address and resolve critical concerns	p.26		YES	
STAKEHOLDER ENGAGEMENT						
	102-40	List of stakeholder groups.	p.71		YES	
	102-41	Collective-bargaining agreements	p.71		YES	8. Decent Work and Economic Growth 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
	102-42	Identifying and selecting stakeholders	p.71, p.140		YES	
	102-43	Approach to stakeholder engagement	p.71		YES	
	102-44	Key topics and concerns raised	p.71		YES	



GRI Content Index Drummond Ltd.

GRI Standard	Content	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)
REPORTING PRACTICE					
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	Companies included in the sustainability report: Drummond Ltd., Drummond Coal Mining L.L.C., Transport Services L.L.C., American Port Company Inc., Coal Resources Colombia Ltd. C.I., and Drummond USA Inc.		
	102-46	Defining report content and topic boundaries	p.74		YES
	102-47	List of material topics	p.65		YES
	102-48	Restatements of information	This Sustainability Report reports the total value of purchases in USD for the year 2018 compared to years 2017 and 2016. There are differences in some of these amounts and the amounts published in the two previous sustainability reports, due to the fact that some modifications were made to the information capture methodology associated with invoices for purchases and services provided by our suppliers. Pág. 162		YES
	102-49	Changes in reporting	No changes were made from the previous fiscal year.		
	102-50	Reporting period	p.14		YES
	102-51	Date of most recent report	p.14		YES
	102-52	Reporting cycle	p.14		YES
	102-53	Contact point for questions regarding the report	p.14		YES
	102-54	Claims of reporting in accordance with the GRI Standards	p.14		YES
	102-55	GRI Content Index	p.14		YES
	102-56	External assurance	p.14		YES

Topic Specific Disclosures

GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets	
● Economic Performance						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.38	YES		
	103-2	The management approach and its components	p.38	YES		
	103-3	Evaluation of the management approach	p.40	YES		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	p.42	YES	8. Decent Work and Economic Growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.
	201-2	Financial implications and other risks and opportunities due to climate change	p.44	YES		
	201-3	Defined benefit plan obligations and other retirement plans	p.46	YES		
● Market Presence						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.38	YES		
	103-2	The management approach and its components	p.38	YES		
	103-3	Evaluation of the management approach	p.40	YES		
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.46	YES	8. Decent Work and Economic Growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
	202-2	Proportion of high level management hired from the local community	p.47	YES	8. Decent Work and Economic Growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets	
INDIRECT ECONOMIC IMPACTS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.140		YES	
	103-2	The management approach and its components	p.141		YES	
	103-3	Evaluation of the management approach	p.148		YES	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	p.151, p.152		YES	9. Industry, Innovation and Infrastructure 4. Quality education 9.1 Develop quality, reliable, sustainable and resilient infrastructure including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all
	203-2	Significant indirect economic impacts	p.153		YES	8. Decent Work and Economic Growth 2. Zero Hunger 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small-and medium-sized enterprises, including through access to financial services. 8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 2.a Increase investment in rural infrastructure in order to enhance agricultural productive capacity, especially in developing countries 2.3 Double agricultural productivity and income through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities.

GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
PROCUREMENT PRACTICES					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.158	YES	
	103-2	The management approach and its components	p.159	YES	
	103-3	Evaluation of the management approach	p.161	YES	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	p.162	YES	8. Decent Work and Economic Growth 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small-and medium-sized enterprises, including through access to financial services.
WATER					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.168	YES	
	103-2	The management approach and its components	p.168	YES	
	103-3	Evaluation of the management approach	p.169	YES	
GRI 303: Water 2016	303-1	Water withdrawal by source	p.170	YES	6. Clean Water and Sanitation 6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of fresh water to address water scarcity and substantially reduce the number of people suffering from water scarcity.
	303-2	Water sources significantly impacted by the withdrawal of water	p.173	YES	6. Clean Water and Sanitation 6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of fresh water to address water scarcity and substantially reduce the number of people suffering from water scarcity.
	303-3	Water recycled and reused	p.174	YES	6. Clean Water and Sanitation 6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of fresh water to address water scarcity and substantially reduce the number of people suffering from water scarcity.



GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets	
BIODIVERSITY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.198	YES		
	103-2	The management approach and its components	p.198	YES		
	103-3	Evaluation of the management approach	p.199	YES		
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Drummond Ltd. does not have operational sites owned, leased, managed in, adjacent to, containing or located in protected or unprotected areas of high biodiversity value.	YES		
	304-2	Significant impacts of activities, products, and services on biodiversity	Drummond Ltd. does not generate any significant impacts on biodiversity in protected areas or in high biodiversity value areas from its activities, products, and services.	YES		
	304-3	Protected or restored habitats	p.200	YES	15. Life on Land	15.4 Ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development. 15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services.
	304-4	UICN Red List species and national conservation list species with habitats in areas affected by operations	p.203	YES	15. Life on Land	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species.

GRI Content Index Drummond Ltd.

Topic Specific Disclosures		Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets	
MM1	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	p.205		YES	15. Life on Land	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services.
MM2	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	p.206		YES	15. Life on Land	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services.

● **EMISSIONS**

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.190		YES		
	103-2	The management approach and its components	p.190		YES		
	103-3	Evaluation of the management approach	p.192		YES		
GRI 305: Emissions 2016	305-1	Direct GHG emissions (Scope 1)	p.192		YES	12. Responsible Consumption and Production 15. Life on Land	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
	305-2	Energy indirect GHG emissions (Scope 2)	p.193		YES	12. Responsible Consumption and Production 15. Life on Land	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.



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Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
305-6 Emissions of ozone-depleting substances (ODS)	Drummond Ltd. does not produce, import, or export ozone-depleting substances.				
305-7 Nitrogen oxides (NOX), sulfur oxides (SOx), and other significant air emissions	p.193	The information on air quality does not include other components apart from particulate matter or pollutants that Drummond Ltd. deems determinant in its operations.		12. Responsible Consumption and Production 15. Life on Land	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

● EFFLUENTS AND WASTE

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.168	YES		
	103-2	The management approach and its components	p.168	YES		
	103-3	Evaluation of the management approach	p.169	YES		
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	p.176, p.182	YES	6. Clean Water and Sanitation 12. Responsible Consumption and Production	6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of fresh water to address water scarcity and substantially reduce the number of people suffering from water scarcity. 12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
	DLTD 306-5	Water bodies affected by water discharges and/or runoff	p.183	YES	15. Life on Land	15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services.

GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
ENVIRONMENTAL COMPLIANCE					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.168, p.190, p.198	YES	
	103-2	The management approach and its components	p.168, p.190, p.198	YES	
	103-3	Evaluation of the management approach	p.169, p.192, p.199	YES	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	The company was in compliance with environmental laws and regulations.		16. Peace, Justice and Strong Institutions 16.6 Develop effective, accountable and transparent institutions
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.158	YES	
	103-2	The management approach and its components	p.159	YES	
	103-3	Evaluation of the management approach	p.161	YES	
GRI 308: Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Drummond Ltd. did not screen new suppliers using environmental criteria.		
	308-2	Negative environmental impacts in the supply chain and actions taken	p.164	YES	
EMPLOYMENT					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.94	YES	
	103-2	The management approach and its components	p.94	YES	
	103-3	Evaluation of the management approach	p.95	YES	



GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	As of December 31, 2018, all persons in the Hydrocarbons Division had employment contracts with Drummond Ltd. From that point of view the data on personnel includes them. p.100	Drummond Ltd. does not report the rate of new hires because it is not significant relative to the total number of employees.	YES	8. Decent Work and Economic Growth	8.6 Substantially reduce the proportion of youth not in employment, education or training.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.104		YES	8. Decent Work and Economic Growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
	401-3	Parental leave	p.104		YES	8. Decent Work and Economic Growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

LABOR/MANAGEMENT RELATIONS

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.134		YES		
	103-2	The management approach and its components	p.134		YES		
	103-3	Evaluation of the management approach	p.134		YES		
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	p.136		YES	8. Decent Work and Economic Growth	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
MM4	MM4	Number of strikes and lock-outs exceeding one week's duration, by country	During 2018, there were no strikes or lockouts in the operation. p.136		YES	8. Decent Work and Economic Growth	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

OCCUPATIONAL HEALTH AND SAFETY

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.116		YES		
	103-2	The management approach and its components	p.116		YES		

GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets	
	103-3 Evaluation of the management approach	p.117		YES		
GRI 403: Occupational health and safety 2016	403-1 Representation of workers on formal joint management-worker health and safety committees	p.125		YES	8. Decent Work and Economic Growth	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
	403-2 Types of accidents and frequency rates for accidents, professional illnesses, days lost, absenteeism, and number of deaths from work-related accidents or professional illnesses	p.118		YES	8. Decent Work and Economic Growth	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
	403-3 Workers with high risk or rates of illnesses related to their activities	p.126		YES	8. Decent Work and Economic Growth	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
	403-4 Health and safety topics covered in formal agreements with trade unions	p.126		YES	8. Decent Work and Economic Growth	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

● **TRAINING AND EDUCATION**

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	p.94		YES		
	103-2 The management approach and its components	p.94, p.106		YES		
	103-3 Evaluation of the management approach	p.95		YES		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p.106		YES	8. Decent Work and Economic Growth 4. Quality education	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 4.3 Ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including University 4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship



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Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
404-2 Programs for upgrading employee skills and transition assistance programs	p.108	Partially reported: Drummond Ltd. does not have transition assistance programs or programs to help the Company's employees complete their vocational education.		8. Decent Work and Economic Growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
404-3 Percentage of employees receiving regular performance and career development reviews	p.111	Reported partially: only covers salaried employees, whose performance is reviewed regularly. Hourly employees receive periodic feedback from the leader.		8. Decent Work and Economic Growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

● DIVERSITY AND EQUAL OPPORTUNITY

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.94		YES		
	103-2	The management approach and its components	p.94, p.106		YES		
	103-3	Evaluation of the management approach	p.95		YES		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	As of December 31, 2018, all persons in the Hydrocarbons Division had employment contracts with Drummond Ltd. From that point of view the data on personnel includes them. p.96	Reported partially: the information is broken down for the entire workforce, but the information from the organization's governance bodies is omitted.	YES	8. Decent Work and Economic Growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
	405-2	Ratio of basic salary and remuneration of women to men	p.113	Drummond Ltd. does not report the base salary of employees because it is sensitive and confidential information.		8. Decent Work and Economic Growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

● NON-DISCRIMINATION

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.82		YES		
	103-2	The management approach and its components	p.82		YES		

GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
	103-3 Evaluation of the management approach		YES		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken			8. Decent Work and Economic Growth 16. Peace, Justice and Strong Institutions	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment 16.1 Significantly reduce all forms of violence and related death rates everywhere.

● **FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	p.134		YES	
	103-2 The management approach and its components	p.134		YES	
	103-3 Evaluation of the management approach	p.134		YES	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of Association and collective bargaining may be at risk	p.137		YES	8. Decent Work and Economic Growth 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

● **CHILD LABOR**

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	p.82		YES	
	103-2 The management approach and its components	p.82		YES	
	103-3 Evaluation of the management approach	p.82		YES	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	p.82, p.83		YES	16. Peace, Justice and Strong Institutions 8. Decent Work and Economic Growth 16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children 8.7 Take immediate and effective measures to eradicate forced labor, and modern slavery and human trafficking. In addition, by 2025 at the latest, end child labor in all its forms.



GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
FORCED OR COMPULSORY LABOR					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.82	YES	
	103-2	The management approach and its components	p.82	YES	
	103-3	Evaluation of the management approach	p.82	YES	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p.82		8. Decent Work and Economic Growth 8.7 Take immediate and effective measures to eradicate forced labor, and modern slavery and human trafficking. In addition, by 2025 at the latest, end child labor in all its forms.
SECURITY PRACTICES					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.78	YES	
	103-2	The management approach and its components	p.79	YES	
	103-3	Evaluation of the management approach	p.79	YES	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	p.84	YES	16. Peace, Justice and Strong Institutions 16.1 Significantly reduce all forms of violence and related death rates everywhere. 16.10 Ensure public access to information and protect fundamental freedoms.
RIGHTS OF INDIGENOUS PEOPLES					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.78		
	103-2	The management approach and its components	p.79, p.80, p.81		
	103-3	Evaluation of the management approach	p.79, p.80, p.81		

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Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Drummond's operations do not take place in areas with a presence of indigenous peoples, and therefore there has been no violation of the rights of this population group.			
HUMAN RIGHTS ASSESSMENT					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	p.78	YES		
	103-2 The management approach and its components	p.79, p.80, p.81	YES		
	103-3 Evaluation of the management approach	p.79, p.80, p.81	YES		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	p.86	YES		
	412-2 Employee training on human rights policies or procedures	p.88	YES	16. Peace, Justice and Strong Institutions	16.10 Ensure public access to information and protect fundamental freedoms.
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p.89	YES	16. Peace, Justice and Strong Institutions	16.10 Ensure public access to information and protect fundamental freedoms.
MM5	MM5 Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	Drummond Ltd.'s operations do not take place in areas with a presence of indigenous peoples, and therefore there has been no violation of the rights of this population group.	YES		



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Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
LOCAL COMMUNITIES					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.140		YES
	103-2	The management approach and its components	p.141		YES
	103-3	Evaluation of the management approach	p.148		YES
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	p.150		YES
	413-2	Operations with significant actual and potential negative impacts on local communities	p.153		YES
MM6	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	p.155		YES
MM7	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples	p.155		YES
MM10	MM10	Performance of Closure Planning	Based on Company policy the information on overall financial provisions for closure plans cannot be published.		

GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
● SUPPLIER SOCIAL ASSESSMENT					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.158	YES	
	103-2	The management approach and its components	p.159	YES	
	103-3	Evaluation of the management approach	p.161	YES	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Drummond Ltd. did not screen new suppliers using social criteria.		16. Peace, Justice and Strong Institutions 8. Decent Work and Economic Growth 16.1 Significantly reduce all forms of violence and related death rates everywhere. 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
	414-2	Negative social impacts in the supply chain and actions taken	p.164		16. Peace, Justice and Strong Institutions 8. Decent Work and Economic Growth 16.1 Significantly reduce all forms of violence and related death rates everywhere. 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
● PUBLIC POLICY					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.210		
	103-2	The management approach and its components	p.211		
	103-3	Evaluation of the management approach	p.211		
GRI 415: Public Policy 2016	415-1	Contributions to political parties and/or representatives	Drummond Ltd. does not make contributions to political parties.	16. Peace, Justice and Strong Institutions	16.5 Substantially reduce corruption and bribery in all their forms 16.6 Develop effective, accountable and transparent institutions at all levels



GRI Content Index Drummond Ltd.

Topic Specific Disclosures	Page / URL / Comment	Omission	Verification	Sustainable Development Goal (SDG)	SDG Targets
SOCIOECONOMIC COMPLIANCE					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.38, p.140		
	103-2	The management approach and its components	p.38, p.141		
	103-3	Evaluation of the management approach	p.40, p.148		
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	During 2018, in no case was Drummond Ltd. in non-compliance with laws and regulations in the social and economic area.	16. Peace, Justice and Strong Institutions	16.6 Develop effective, accountable and transparent institutions
RESETTLEMENT					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	p.214	YES	
	103-2	The management approach and its components	p.214	YES	
	103-3	Evaluation of the management approach.	p.214	YES	
MM9	MM9	Sites where resettlement took place, the number of households resettled in each, and how their livelihoods were affected in the process	p.216	YES	

Independent Assurance Statement

Adherence to GRI Standards



BOGOTÁ D.C., August 22th, 2019

External Assurance Report Based on GRI Standards

BSD Consulting has conducted the Independent Assurance Statement, for the 2018 Drummond Ltd. Sustainability Report. This assurance aims to assess and provides independent conclusions upon:

- The application of the GRI Standards principles in the preparation process, for the report content and quality.
- Compliance with the Standards in relation to the disclosure of the contents, according to the chosen option of compliance.

Independency

BSD Consulting work independently and ensure that no member holds consulting contracts or other commercial or familiar ties with Drummond Ltd.

Proficiency

BSD Consulting is a global consultancy company 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.

Drummond Ltd. and BSD Consulting responsibilities

The reporting, stakeholder engagement and materiality processes are Drummond's responsibilities. The Report's evaluation based on the adherence to GRI Standards principles, indicators and the confirmation of the "in accordance" are BSD's responsibilities.

Scope and limitations

The scope of this assurance corresponds to the nonfinancial information of Drummond Sustainability Report 2018. The process of assurance was Type 1 and at moderate level. The application of the

content and quality definition principles was verified for the preparation of the report, as well as the inclusion of the general and thematic contents indicated in the GRI Standards.

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.
- Review of quality and reliability of selected information, through verifications visits to the mine and Bogotá's offices.
- Review of articles in the media and publications of independent organizations where the company is mentioned.
- Critical reading of the final draft of the report and request of adjustments and clarifications.

General Findings and Conclusions

Based on the work performed by BSD Consulting, nothing has come 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.

BSD concluded that the Drummond Ltd. Sustainability Report 2018 complies with the content and quality principles established by the GRI. The following are particularly observations and opportunities for improvement on the application of the principles.

Content Principles

Stakeholder Inclusiveness

The company has information on what is important for stakeholders based on existing relationship channels. These are permanent, operate according to the needs and characteristics of the target audiences and the provided inputs are considered for the management improvement on several fronts.

Independent Assurance Statement

Adherence to GRI Standards



Sustainability Context

The company demonstrates its understanding of sustainable development in the framework of its operations and reports its performance about impacts and contributions in its value chain about social, environmental and economic issues, presenting standardized measures and objective information related with the context of the sector and the region where it carries out its operations.

Nevertheless, it is recommended to take into account the global challenges in the short and mid-term in relation to climate change and its implications for the business projections.

Materiality

- In the second quarter of 2018, Drummond Ltd. updated the materiality analysis based on international standards such as GRI, Global Compact and SASB; the company's Corporate Social Responsibility and Human Rights strategies; the materiality exercises reported by other mining companies; and relevant news about Drummond and the mining sector in Colombia.
- The materiality analysis was supported by a third party, through the review, identification, prioritization and validation of the most relevant issues for the company, determining 13 material topics.
- The analysis was carried out under the principles of stakeholder participation, context of sustainability and materiality.
- The information about the context, management and performance on the 13 topics, is presented in a reasonable and sufficient manner.
- Within the materiality analysis process and the available documentation, it is clearly evident that the importance of the topics for the stakeholders and for Drummond Ltd. is evaluated, in terms of its policies, strategies and management.
- A qualitative assessment of the most significant impacts of the company on the economy, the environment and the society it's also carried out.

Completeness

It was found that the report shows performance information for material topics within the framework of the coverage indicated for each one. This coverage is properly identified and disclosed.

Quality principles

Balance

The company's main achievements during the reporting period are presented in a balanced manner, describing the milestones reached in 2018 and the challenges the company faces for the next period.

Clarity and Accuracy

The report presents information in a clear language accessible to different audiences. The qualitative information is presented in a concise manner, reporting the performance indicators and explaining the measured data and calculations.

Comparability

The report presents quantitative information from the last three years, that allows comparing the company's performance between these periods.

However, differences were identified between the reporting data, caused by the use of different methodologies between areas, to capture and filter the data source. These differences are clearly disclosed in the report.

It is recommended to use the same processing criteria of the information for the next reports, to ensure that the data can be comparable between material topics and between reporting periods.

Reliability

During the interviews with the reporting areas, the existence of information management systems, formats and records managed by the company was shown to continuously monitor the quantitative and qualitative information.

Independent Assurance Statement

Adherence to GRI Standards



BOGOTÁ D.C., August 22th, 2019

It was identified some improvement opportunities when verifying that the quantitative information reported coincides with their internal data. It is recommended to strengthen the internal monitoring of the information and the quality control of the reports.

Timeless

This report was published by the third quarter of the year. The company improved compared to last year, even though more timely preparation is expected for the coming periods, to maintain its strategic value as a decision-making tool around sustainability.

In accordance options

According to the foregoing, BSD Consulting states that the 2018 Sustainability Report of Drummond Ltd. meets the criteria corresponding to the "Core" compliance option of the GRI Standards of the Global Reporting Initiative.

For all material topics, it was identified that all management approaches are adequately reported and have at least one thematic content.

A handwritten signature in black ink, appearing to read 'Marcela Romero Merino', is positioned above the printed name.

Marcela Romero Merino
General Director
BSD Consulting Colombia

Assurance support:
Jimena Lucio Giraldo
Consultant
BSD Consulting Colombia





BRUNNEN LTD.
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