

# Sustainability REPORT 2020



An achievement  
of all



**DRUMMOND LTD.**  
COLOMBIA



# Sustainability REPORT 2020

[Target 126] The 2020 Sustainability Report has been prepared in strict compliance with the established management content and approaches, in accordance with the Essential option of the GRI Standards and their respective principles of content and quality. All of the above is ensured by the external verification by the firm BSD Consulting, an Elevate Company.

In addition, the "GRI Materiality Disclosure Service" was requested to check that the GRI content index is clearly presented and the references for content 102-40 to 102-49 are aligned with the sections made in the body of the report.

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Drummond Ltd. Colombia  
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## EXTERNAL VERIFICATION

BSD Consulting S.A.S, an ELEVATE Company

## PHOTOGRAPHY

Comunicaciones Drummond Ltd.

## DESIGN AND LAYOUT

GOOD ;)  
Communication for Sustainable Development



**DRUMMOND LTD.**  
COLOMBIA

# Sustainability

## REPORT

# 2020



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# Figures from 2020

## TOTAL ASSETS

**US\$ 2,289**

MILLION

## INCOME FROM EXPORTS

**US\$ 1,497**

MILLION

## SALES AND OPERATING COSTS

**US\$ 1,503**

MILLION

## TOTAL LIABILITIES

**US\$ 641**

MILLION

## TOTAL EQUITY

**US\$ 1,648**

MILLION



**29.7**

MILLION

Metric tons of coal exported



**30.4 %**

of the GDP

of the Department of Cesar corresponds to the mining industry.



**71 %**

of the country's coal production comes from the Department of Cesar.



**59 %**

of the country's coal production is provided by Drummond Ltd.

Since the beginning of operations in Colombia, Drummond Ltd. has produced **502.3 million tons**, which have represented payments to the nation for:

**Taxes, fees and contributions**

**US\$ 3,137**

MILLION

**Royalties and compensation**

**US\$ 4,458**

MILLION

**5.<sup>th</sup>**

Consecutive year

as the company with the largest volume of coal production and exports in Colombia.

**1.<sup>st</sup>**

Place

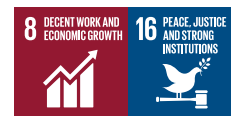
in the categories of best reputation in mining and non-mining municipalities.

**2.<sup>nd</sup>**

Place

in general reputation in the Colombian mining industry.

## Peace and human rights



|                                       |  |   |
|---------------------------------------|--|---|
| <b>Targets</b><br>8.7<br>16.2<br>16.5 | <b>0</b><br>Cases of discrimination, child labor, forced labor or human rights violations. | <b>84 %</b><br>of all significant investments contracts and agreements signed by Drummond Ltd. have human rights clauses. |
|---------------------------------------|--|---|

|                                |  |
|--------------------------------|--|
| <b>Targets</b><br>16.1<br>16.5 | <b>100 %</b><br>of the Human Rights Risk Matrix and management mechanisms updated. |
|--------------------------------|--|

|                       |   |   |   |
|-----------------------|---|---|---|
| <b>Target</b><br>16.6 | Participation in multi-actor skill-building initiatives that promote good human rights practices: | <ul style="list-style-type: none"> <li>· Mining and Energy Committee</li> <li>· Human Rights and Coal Working Group</li> <li>· Trust in Cesar - CREER.</li> </ul> | <b>Reporting</b><br><b>100 %</b><br>Of the information to prepare the EITI Colombia report. |
|-----------------------|---|---|---|

|                        |  |  |   |
|------------------------|--|--|---|
| <b>Target</b><br>16.10 | <b>1,237</b><br>Employees trained on policies, procedures and aspects related to human rights. | <b>100 %</b><br>Of security personnel trained on human rights. | <b>75 %</b><br>Of contractors (65 companies) participated in the 6th Drummond/ Contractor dialogue on human rights in 2020. |
|------------------------|--|--|---|

## Governance for development



|                      |   |
|----------------------|---|
| <b>Target</b><br>9.1 | <b>US\$ 1,188,117</b><br>Million invested in institutional and community infrastructure projects. |
|----------------------|---|

|                       |   |
|-----------------------|---|
| <b>Target</b><br>16.6 | <b>70</b><br>Civil servants and community leaders trained on project planning, management and evaluation. |
|-----------------------|---|



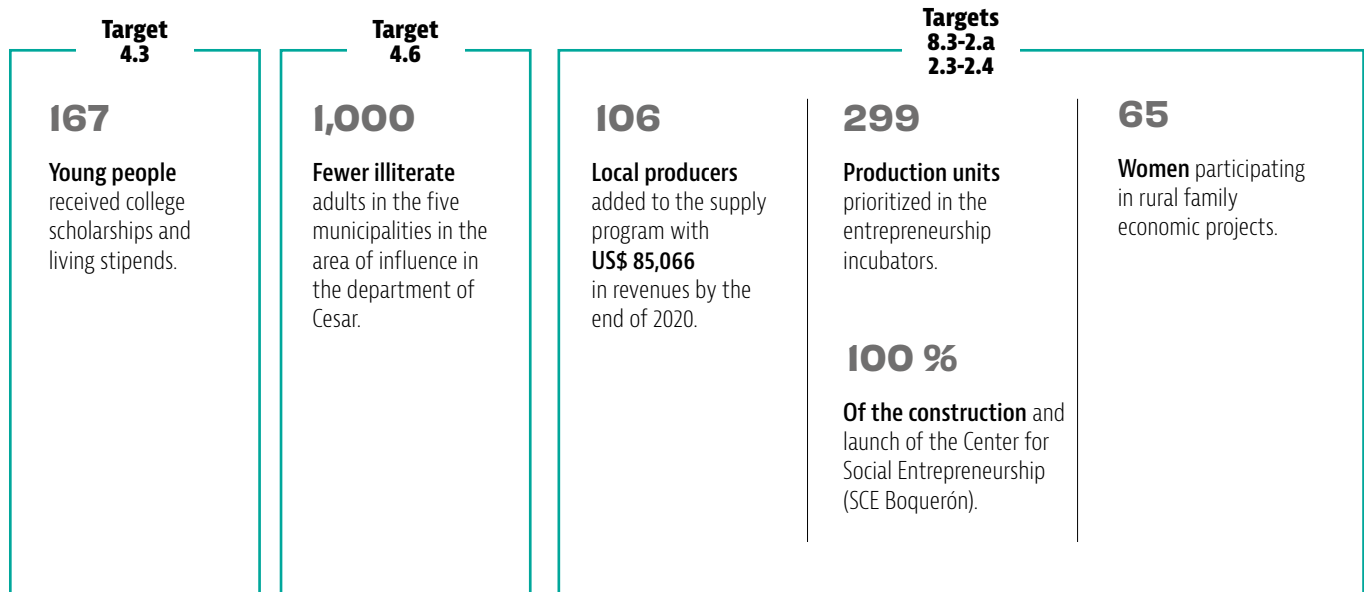
# Comprehensive development



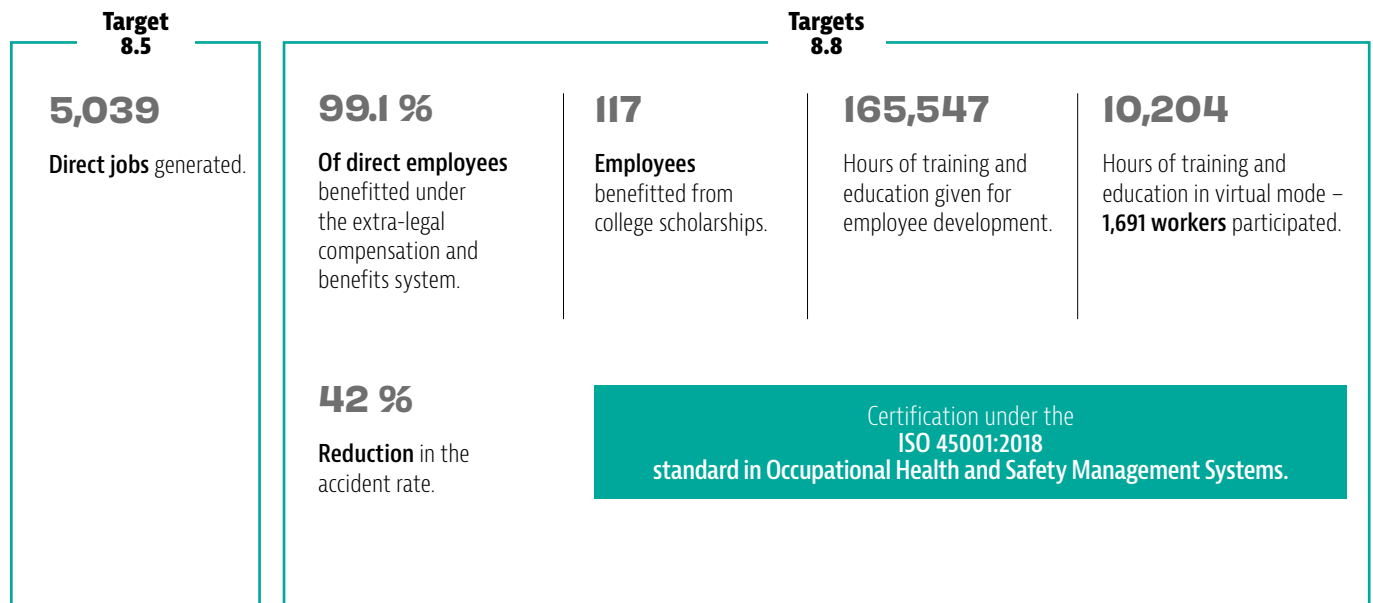
WITH AN INVESTMENT OF **US\$ 3,742,585 MILLION** WE EXECUTED OUR 2020 SOCIAL MANAGEMENT PLAN.

**100 %** EXECUTION OF THE ANNUAL SOCIAL INVESTMENT PLAN.

## COMMUNITIES:

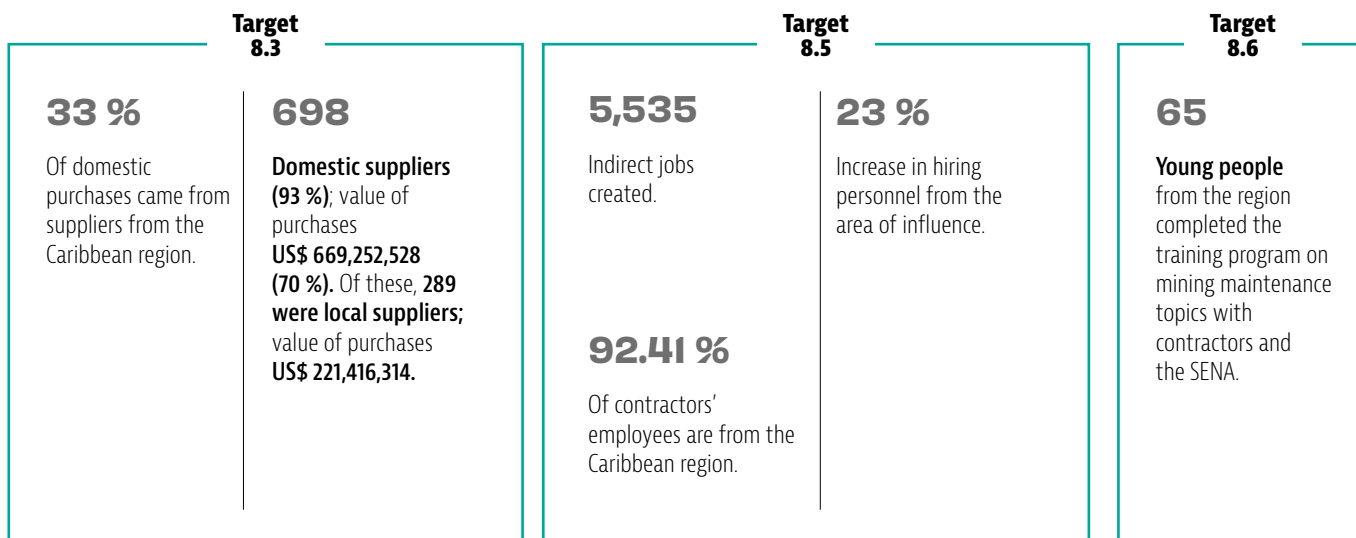


## EMPLOYEES AND OPERATIONS:

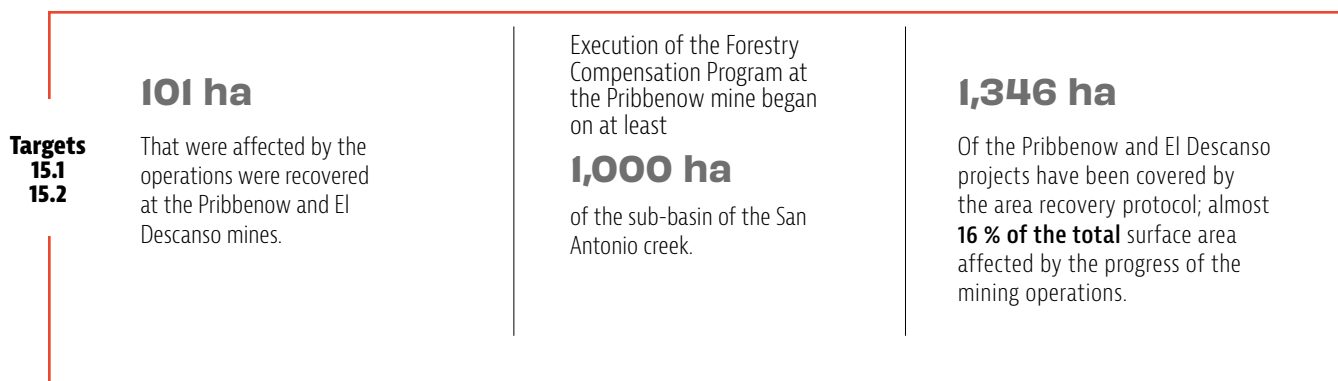
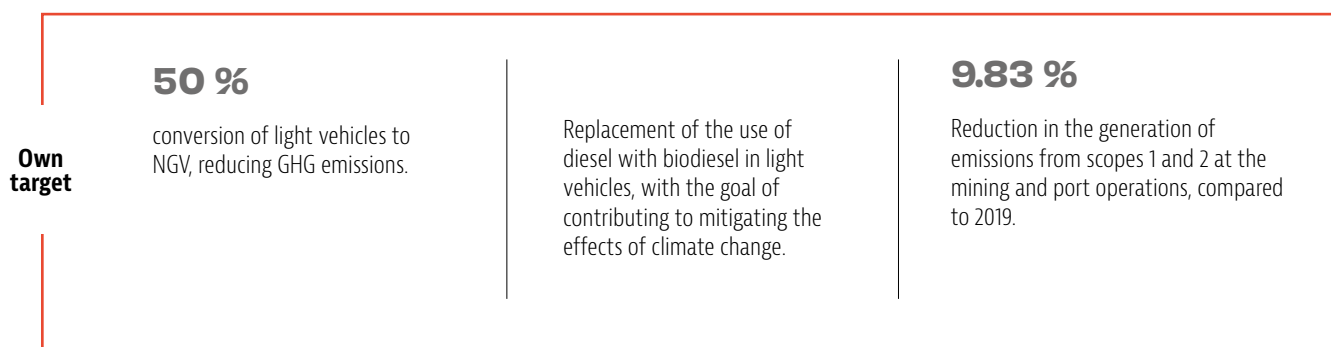




**SUPPLIERS AND CONTRACTORS:**



**Environmental performance**





# We do more

#FOROURPEOPLE



IN THE MIDST OF GREAT CHALLENGES, SUCH AS THE CRISIS GENERATED BY COVID-19, DRUMMOND LTD. SHOWS THAT IT GOES BEYOND MINING AND THAT IT IS A COMPANY COMMITTED TO THE WELL-BEING OF ITS STAKEHOLDERS.

It works to:



Support the provision of high-quality healthcare services for its communities and employees.



Provide humanitarian aid.



Promote quality education and facilitate the safe return to schools.



Reactivate and maintain the local and national economy.

During 2020 the Company invested:

## US\$ 1,817,661 MILLION

To respond to the health emergency in its area of influence, in partnership and coordination with the municipal authorities, community and religious leaders and the community at large.

**Target**  
8.3 - 2.a  
2.3 - 2.4

**US\$ 493,131**

On income-producing projects to reactivate the local and national economy.

**Own Target**

**US\$ 671,211**

In humanitarian aid and medical and biosafety supplies.

**Target**  
9.1

**US\$ 225,741**

For construction, updates and equipment for healthcare institutions (health centers and hospitals) to support and facilitate care during the health crisis.

**Target**  
4.a

**US\$ 427,578**

In educational infrastructure, to facilitate the safe return to in-person learning under an alternating model.

**[Humanitarian aid]**

|   |   |   |   |
|---|---|---|---|
| <p><b>26,970</b></p> <p>Boxes of groceries delivered by Drummond Ltd., in partnership with the Colombian Food Bank Association – ABACO.</p> | <p><b>1,722</b></p> <p>Boxes of groceries donated by employees and contractors.</p> | <p><b>192,332</b></p> <p>Units of medical supplies delivered.</p> | <p><b>+2</b></p> <p>Thousand liters of drinking water provided to the nearby communities.</p> |
|---|---|---|---|

**Target 8.5**

**Drummond Ltd. maintained 100% of its direct employees, with all of their extra-legal and collective bargaining benefits. It did not suspend any employment agreements, in spite of the difficult conditions caused by COVID-19 and the crisis in the international coal market.**

**DURING THE CRISIS IT WAS ABLE TO:**

- Ensure the implementation of strict health protocols to protect workers, contractors and their families, adjusting all of the Company's health programs related to the pandemic.
- Coordinate and maintain interaction with all stakeholders in the area, relying on them for support for organized, well-communicated and approved execution of tasks with respectful relationships that support the Company's management in the region and made its operations feasible.
- Train medical and paramedical staff from all locations on bio-safety, as well as employees and contractors.
- Cover 100% of the at-risk population with defined prevention activities for all employees and contractors.
- Meet 100% of the goals and objectives of the COVID management program, as well as the legal requirements and standards established by the WHO.
- Communicate the biosecurity actions taken at the Company, and those required by the National Government, in coordination with the Secretaries of Health of Cesar and Magdalena, and those of the municipalities in the area of influence clearly, broadly and in a timely manner, to promote self-care and ensure compliance with the protocols and measures.
- Maintain the proper functioning of the Company, in spite of the impacts of the pandemic, preserving productivity.

Drummond Ltd. will continue to be a change agent and strategic partner in the region, leading processes in response to the socio-economic transition and a future beyond its mining activities. To do so, it will take any actions necessary to address the challenges posed by this crisis, and its prioritized investments will be vital for the sustainability and viability of the business.

**Committed to having a positive impact!**



01

# About the company

DRUMMOND LTD.'S PRESENCE IN COLOMBIA DEMONSTRATES ITS EFFORTS TO CARRY OUT MINING WORK THAT PROVIDES IMPORTANT RESOURCES FOR SOCIETY AND THAT BUILDS AND STRENGTHENS CAPACITIES IN THE COMMUNITIES IN ITS AREA OF INFLUENCE.

DRUMMOND LTD. IS MINING WITH A POSITIVE IMPACT.





## JOSÉ MIGUEL LINARES MARTÍNEZ

PRESIDENT OF  
DRUMMOND LTD.

**"After having a difficult year in 2020,** due to international conditions on the coal market and the pandemic, with the operation of the new El Corozo project the Company expects to maintain current employment levels, as well as its purchases of supplies, in addition to long-term coal production and exports. This is tangible evidence of our commitment to continue working for mining that is synonymous with development. As we have done in the more than 30 years that we have been in the country, Drummond Ltd. will continue to create value for Colombia through economically viable, environmentally sustainable and socially responsible mining." ■

**"Drummond Ltd. will continue to create value for Colombia through economically viable, environmentally sustainable and socially responsible mining."**

# Drummond Ltd.'s operations

[GRI 102-1]  
[GRI 102-2]  
[GRI 102-3]  
[GRI 102-4]  
[GRI 102-5]  
[GRI 102-6]

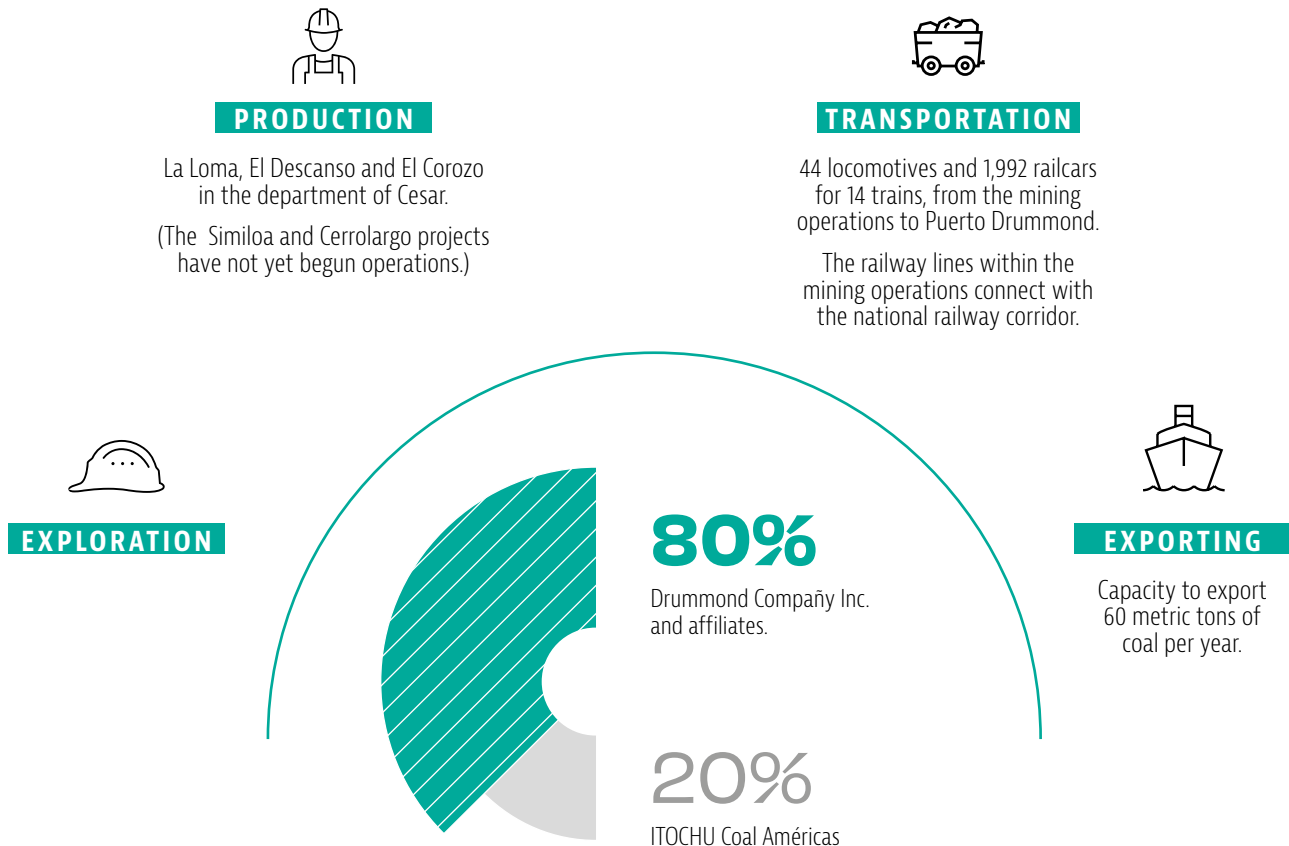
Drummond Ltd. is a company engaged in mining steam coal in Colombia; owned 80% by Drummond International LLC and its affiliates, headquartered in the state of Alabama, and 20% by ITOCHU Coal Americas Inc.

Drummond Ltd.'s operations include coal exploration, production, transportation and exporting activities in the departments of Cesar and Magdalena.

For this year, it is important to note that Drummond Ltd. began its mining project at El Corozo, which is now practically the only large-scale coal initiative being undertaken in the country and involves an increase in operational management and a special emphasis on environmental, social and security actions.

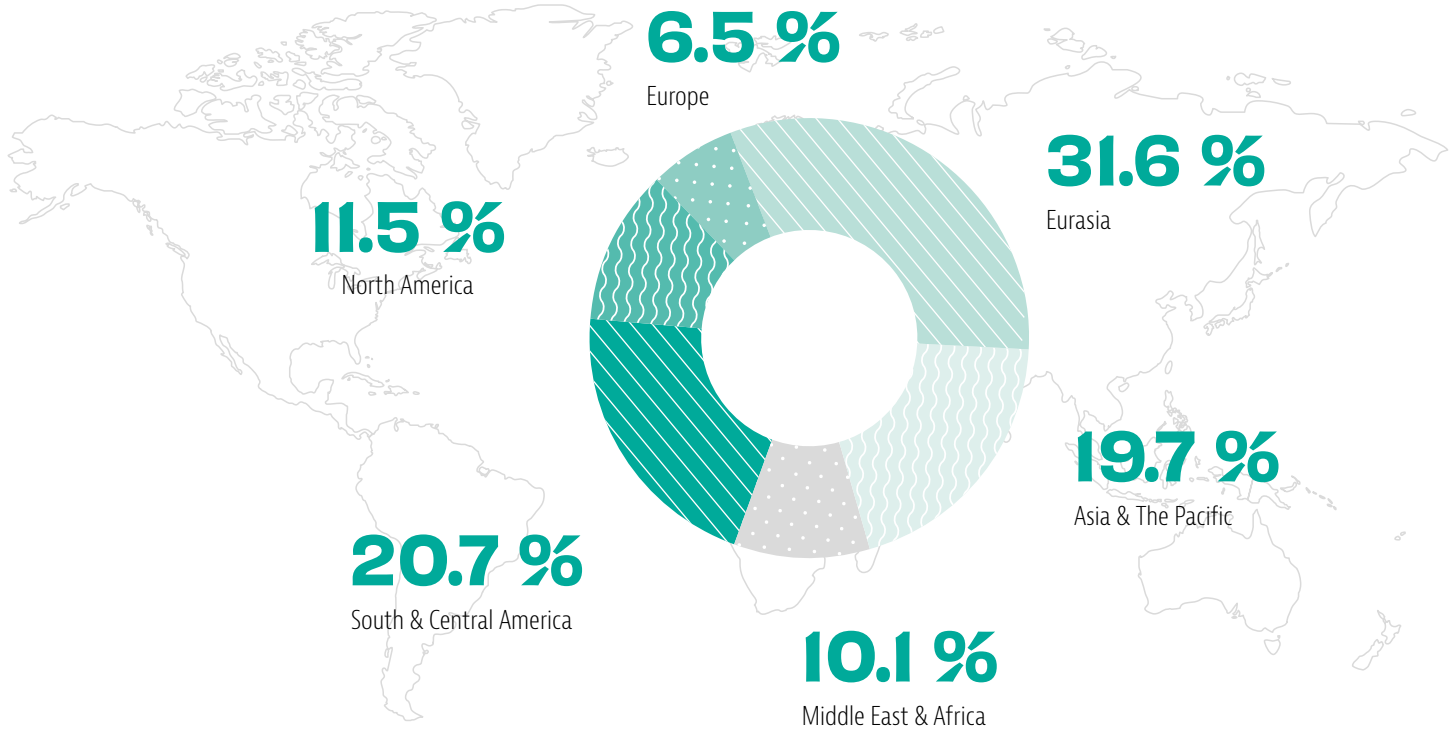


GRAPHIC 1.  
Ownership structure of Drummond Ltd.





GRAPHIC 2.  
Export destinations



[GRI 102-7]

**DRUMMOND LTD.'S MAIN PERFORMANCE FIGURES IN 2020**

These figures are presented in millions of Colombian pesos:

**US\$ 2,289**  
MILLION  
Total assets

---

**US\$ 1,497**  
MILLION  
Income from exports

---

**US\$ 1,503**  
MILLION  
Sales and operating costs

---

**29.7**  
Ton (billion)  
Metric tons of coal exported

---

**Capitalization**

**US\$ 641**  
MILLION  
Total liabilities

---

**US\$ 1,648**  
MILLION  
Total equity



---



[GRI 102-8]

### GENERAL INFORMATION ON EMPLOYEES

#### Total number of employees - 2020

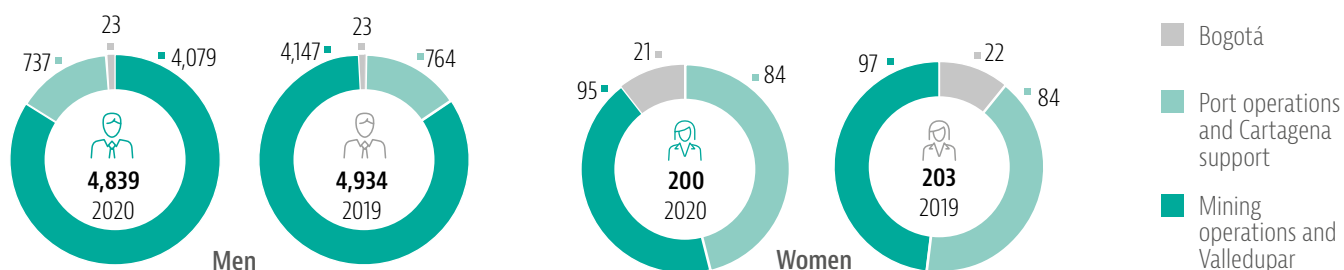
| Operation/ Number of employees        | Men<br> | Women<br> | Total        |
|---------------------------------------|--|--|--------------|
| Mining operations and Valledupar      | 4,079  | 95   | 4,174        |
| Port operations and Cartagena support | 737  | 84   | 821          |
| Bogotá                                | 23   | 21   | 44           |
| <b>Total employees</b>                | <b>4,839</b>   | <b>200</b>   | <b>5,039</b> |



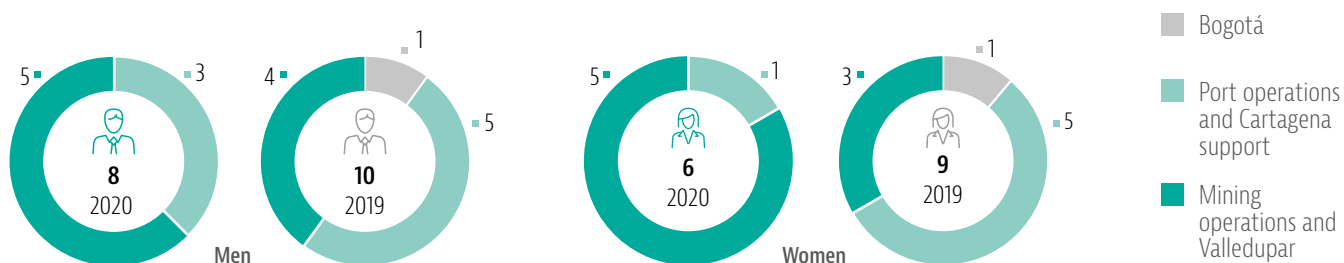
[GRI 102-8]

### DRUMMOND LTD. WORKERS

GRAPHIC 3. Direct company employees

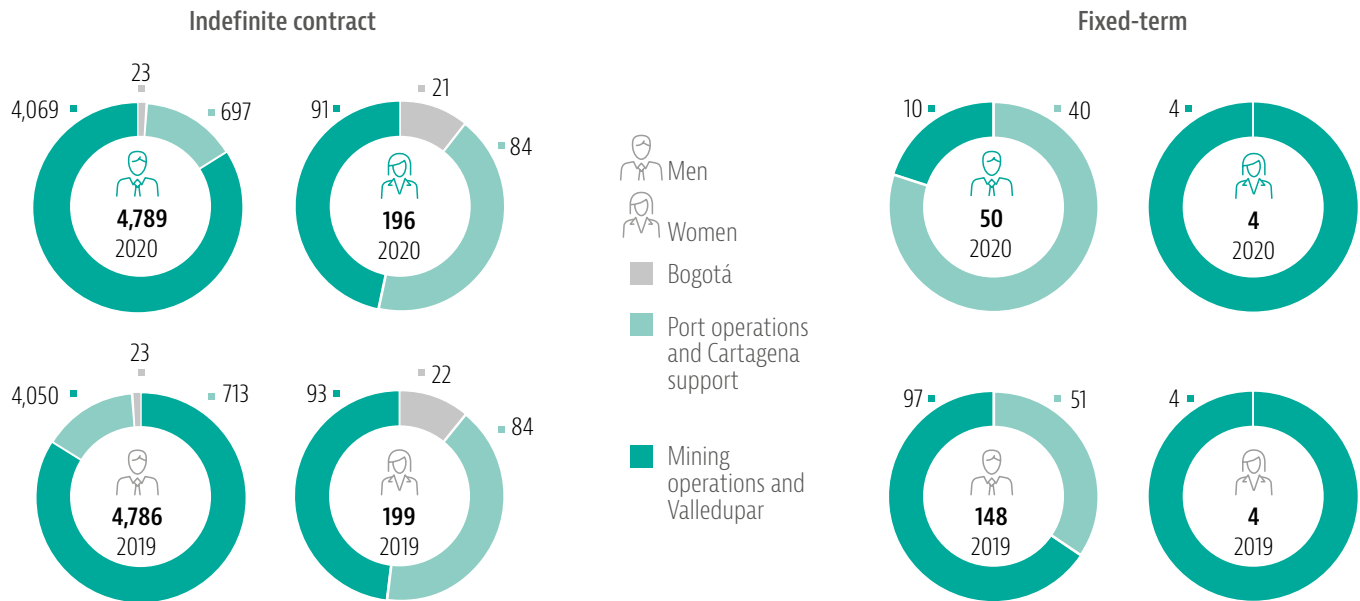


GRAPHIC 4. External workers



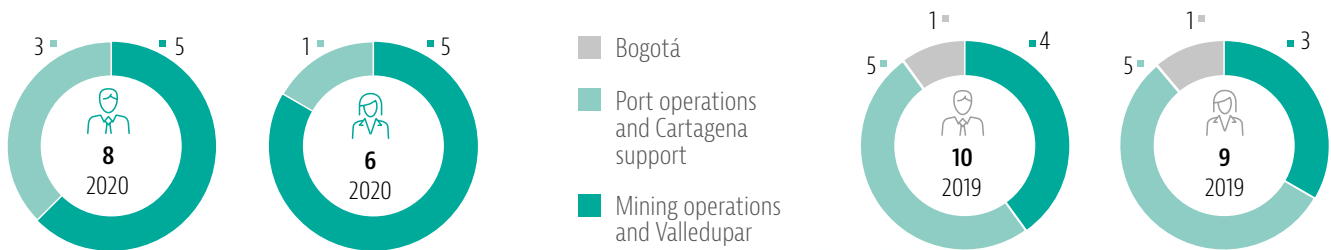


GRAPHIC 5.  
Direct employees by type of contract



External workers by type of contract

hired through temporary agencies.



## Report profile

[GRI 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 also validated by the Social Responsibility and Sustainability Committee and the external verification of BSD Consulting, whose conclusions can be found in the independent verification statement in the appendix section of this document.

[GRI 102-32]  
[GRI 102-50]  
[GRI 102-51]  
[GRI 102-52]  
[GRI 102-56] For the past eleven years, and as of 2012 under the GRI Standard, Drummond Ltd. has been reporting its economic, social and environmental performance to the public each year for the previous calendar year.

In this instance, the materiality analysis that has been used as the basis for defining the content of this report was updated, due to the specific situations

caused by COVID-19 and coal price dynamics, which has been used as the basis for defining the content that will be reported, maintaining the traceability of the procedures presented in previous years, demonstrating its contribution to the Sustainable Development Goals and other initiatives to which Drummond Ltd. has voluntarily adhered as part of its Corporate Social Responsibility Strategy.

[GRI 102-53]

Any comments, suggestions or questions about this sustainability report should be sent to:

**Juan Pablo  
Arteaga De Brigard**  
Vice President of Sustainability



**+57 1 5871000**



Email:  
**jartega@drummondLtd.com**



## Message from the CEO

It becomes increasingly urgent to promote economic recovery at a time when the world struggles to contain new outbreaks of the COVID-19 virus and move forward with vaccinations. This economic recovery will return us to a path of growth, which will reduce the exacerbated levels of poverty caused by the health emergency.

### THE PRODUCTIVE SECTOR, WHICH IS A NATURAL GENERATOR OF RESOURCES, WILL CONTINUE TO BE A GREAT ALLY OF THE GOVERNMENT IN RESPONDING TO THE PANDEMIC

The sector will continue to generate strategies and public-private partnerships that can make possible the recovery with sustainability criteria. We as a company know, after witnessing the impact of this crisis on our communities, that we are faced with the enormous responsibility to create conditions so that the most vulnerable can once again return to a better quality of life.

The Drummond Company is convinced that Colombia has a productive sector that can contribute to solutions to achieve this sustainable recovery. Our more than 30-year presence in the country demonstrates our commitment to carry out mining that provides significant resources for society while building and strengthening capacities in the local communities. Our operations are committed to preventing, minimizing and mitigating our environmental impacts as well as restoring and protecting ecosystems.

In this Sustainability Report, in which we present our performance in 2020, we again provide an account of everything we do, to continue sharing the value that our operations generate for all of our stakeholders.

This was a year full of challenges. Not only because of the effects of the health emergency on our activities, but also because we were in the midst of a cycle of low prices in the international coal market. However, with great pride, we can say that – for the fifth consecutive year – Drummond Ltd. positioned itself as the largest coal producer and exporter in Colombia.

Moreover, that is not all that we accomplished in 2020. We maintained our commitment to generating employment,

to creating progress in the communities and to carrying out mining done right. We protected all of our employees and implemented additional Corporate Social Responsibility programs. Our company provided valuable supplies and resources to the communities and the government, which helped to navigate the emergency. We also achieved important milestones such as reaching 500 million tons in exports since we began our operations in the country.

Today I call on all Colombians to work with us to protect the industry that has become the second-largest national export market and an important generator of resources. There must be public awareness of the co-responsibility for economic recovery, recognizing that it is time to support a business that pays taxes, generates employment and promotes development, especially outside of Colombia's major cities.

It is now, in the midst of adversity, that Colombia needs the work of all sectors: government, academic, business and citizens. It is time to move forward, making an extra effort so that the environmentally sustainable recovery rebuilds the social fabric that has been weakened, and the most vulnerable can find alternatives to make up for lost income.

Drummond will continue working on the development of our mining projects in a way that is efficient and responsible with our communities and our environment. We continue our commitment to promote and respect human rights while operating under the strictest quality standards and giving the country the benefit of delivering Colombian coal to all of the destinations that need it to ensure their progress. ■

**Richard Mullen**  
CEO of Drummond Company Inc.

[GRI 102-14]

[GRI 102-15]

## Message from the President.

In a year in which we have all faced the personal, family and professional challenge of remaining optimistic and overcoming adversity with discipline, self-care, solidarity and creativity, presenting this exercise in transparency and accountability about the impacts, risks and opportunities from our work in 2020 is a great satisfaction and a huge commitment.

Keeping Drummond Ltd. operational during this COVID-19 pandemic was no easy task. Especially given the reality for coal producing companies, on account of the low prices on the global market. For this reason, adapting the operation, with all of the costs that this entailed, was quite a challenge.

Additionally, while the National Government issued an emergency decree and established mining as an exception – which allowed us to continue working – the reality on the ground was different, since there was a natural inclination in the communities and local leaders to prevent contagion.

On this topic, starting before the health emergency was declared, we formed an interdisciplinary committee that developed strict biosecurity protocols that allowed us to operate according to the standards developed by the World Health Organization (WHO) and the Colombian Ministry of Health, with the support and cooperation of municipal and departmental Secretaries of Health, in constant communication with local mayors.

In the region, in addition to the anxiety caused by the spread of the virus in the communities in our area of influence, among employees and contractors, the economic impact that these populations faced after the mandatory preventive isolations was tangible.

The first decision to be made was to maintain jobs and wages for all of our employees, respecting our labor agreements and maintaining most of our contracts with suppliers. By doing so, we not only contributed to the region's development during times of uncertainty, but we also – through our operations – continued to generate es-

sential resources for the government to respond to the emergency.

Likewise, understanding the needs of the community, we made significant donations: more than 28,000 grocery boxes to thousands of families in 14 municipalities in Cesar and Magdalena, more than 160,000 units of medical supplies and more than 2 million liters of drinking water, as part of our humanitarian aid. In addition, we did not stop, at any time, our Corporate Social Responsibility programs; some – simply due to issues related to the pandemic – were suspended temporarily, but we quickly resumed them, and others were adapted using technological tools. We worked to use our social investments to strengthen healthcare, education and the production sector, as the main lines of defense to facilitate care during the health emergency, to prepare the education sector for a safe return to in-person learning using an alternating model, and to reactivate the local and national economies.

In our commitment to education about self-care, we also developed a strategy with the communities and other stakeholders that reinforced messages about how to prevent the spread of the virus using tools such as social networks, messaging services, loudspeaker messages, banners and radio ads, among others.

On the next few pages, you will read about the lessons that we have learned, and that we continue to learn, from this exceptional situation affecting the world. It is our testimony about the challenges we face and, at the same time, what we have achieved as a company.

With great pride, the more than 10,000 people who work on the projects operated by Drummond Ltd. also want to

share with you the opportunities that we found in 2020, such as the start of operations at our El Corozo mine, located in the municipalities of La Jagua de Ibirico and Chiriguaná in the center of Cesar. This tangible action demonstrates our commitment to continue working for mining that is synonymous with development. ■

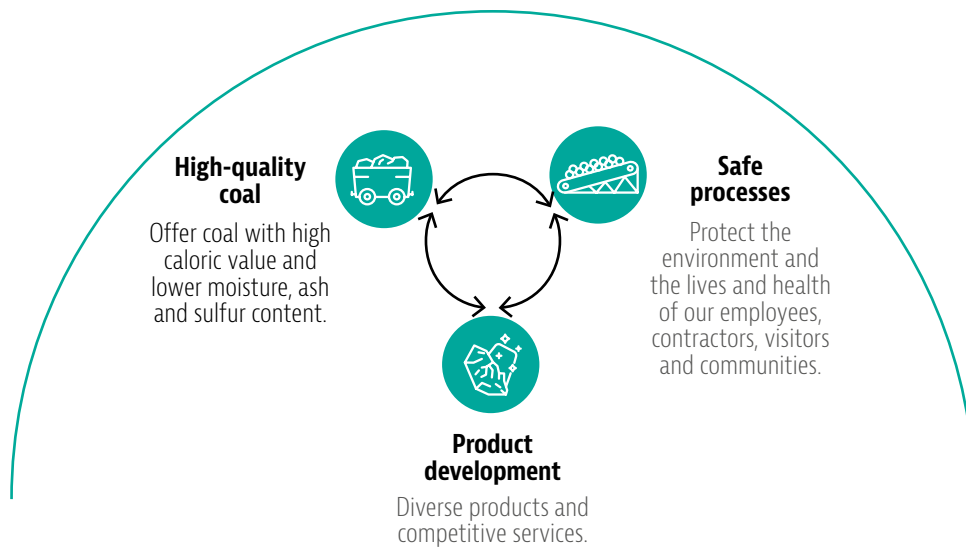
**THANK YOU FOR GIVING US THIS OPPORTUNITY TO TELL YOU ABOUT OUR JOURNEY DURING 2020. AS WE HAVE DONE FOR THE MORE THAN 30 YEARS THAT WE HAVE BEEN IN THE COUNTRY, DRUMMOND LTD. WILL CONTINUE CREATING VALUE FOR COLOMBIA THROUGH MINING THAT IS ECONOMICALLY VIABLE, ENVIRONMENTALLY SUSTAINABLE AND SOCIALLY RESPONSIBLE.**

**José Miguel Linares**  
President of Drummond Ltd.



# Corporate strategy

Drummond Ltd.'s value proposition is to provide high-quality coal under competitive conditions, developing products and services to respond to market demands with economic, social and environmental sustainability criteria, protecting the environment and people's lives and health.



**AS A NECESSARY COMPONENT TO ACHIEVE ITS MISSION, DRUMMOND LTD. RECOGNIZES, ASSESSES AND MANAGES ITS IMPACTS AT ALL LEVELS, BOTH INTERNALLY AND WITHIN ITS SURROUNDINGS.**



Its impacts are classified and managed in three areas:

## Economic pillar

- Incorporate sustainability strategies into our mining operations that respond to changing markets and technology.
- Maintain an efficient recovery of reserves at a competitive cost, to maintain the vitality of local economies.
- Monitor best practices and incorporate them when appropriate, seeking to maintain the highest industry standard.

## Social pillar

- Contribute to the socioeconomic development of Colombia and the region, going above and beyond what is mandatory.
- Actively coordinate with local governments, implementing programs for the development and benefit of the communities.
- Respect and promote workers' rights and ensure their well-being, maintaining a good organizational climate and the necessary conditions so they can do their work comfortably, efficiently and safely.

## Environmental pillar

- Control, mitigate and compensate for the impacts of mining throughout the entire value chain.
- Maintain high standards in environmental practices to protect and restore the natural environment.





To ensure fulfillment of these commitments, Drummond Ltd. has the following policies, codes, manuals and documents that guide all workers' performance in every area and at every level:

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

<https://www.drummondLtd.com/wp-content/uploads/Health-and-Safety-policy-2020.pdf>

**Sustainability Policy:** establishes the Company's commitment to having a positive impact on stakeholders and contributing to sustainable development .

<https://www.drummondLtd.com/wp-content/uploads/DLTD-Sustainability-Policy-Feb26-2020.pdf>

**Community Relations Policy:** establishes the guidelines for how Drummond Ltd. handles its relationships with the communities in its area of influence and how strategies are designed that ensure that it maintains and strengthens its social license to operate.

<https://www.drummondLtd.com/wp-content/uploads/SIG-4631-CommunityRelationsPolicy.pdf>

**Human Rights Policy:** establishes respect for and promotion of Human Rights within the Company.

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

**Environmental Policy:** establishes the Company's commitment to abiding by environmental laws, and the continuous evaluation and reduction of potential impacts on this resource.

<https://www.drummondLtd.com/wp-content/uploads/Politica-de-Sostenibilidad-Ambiental-ENG-Feb262020-1.pdf>

**Occupational Health and Safety and Environment Policy:** outlines how caring for health, safety and the environment is key to carrying out all operations.

<https://www.drummondLtd.com/wp-content/uploads/Health-and-Safety-policy-2020.pdf>

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

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

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

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





**Anti-Bribery and Corruption Policy:** establishes a commitment to abiding by the applicable laws and regulations, carrying out the operations honestly and ethically.

<https://www.drummondLtd.com/wp-content/uploads/POLI%CC%81TICA-PARA-LA-PREVENICIO%CC%81N-Y-CONTROL-DEL-RIESGO-DE-LAFT-V2-EN.pdf>

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

<https://www.drummondLtd.com/wp-content/uploads/Code-of-Conduct-approved-RM.pdf>  
<https://www.drummondLtd.com/wp-content/uploads/Compliance-Manual-1.pdf>

**Conflict of Interest Policy:** offers guidelines for avoiding and resolving these types of conflicts.

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

**Communications Policy:** describes the guidelines for the communications generated by the Company.

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

**Resettlement Policy:** contains the guidelines that the Company must follow in resettlement situations, always contributing to the sustainable development of the communities in its areas of influence.

<https://www.drummondLtd.com/wp-content/uploads/DLTD-Resettlement-Policy-Feb26-2020.pdf>



**Resettlement Policy:** contains the guidelines that the Company must follow in resettlement situations, always contributing to the sustainable development of the communities in its areas of influence.

<https://www.drummondLtd.com/wp-content/uploads/DLTD-Resettlement-Policy-Feb26-2020.pdf>

**Remote Work Policy:** establishes guidelines that allow both the company and employees to clearly understand the conditions for this new way of working.

<https://www.drummondLtd.com/wp-content/uploads/Remote-Work-Policy-ENG.pdf>

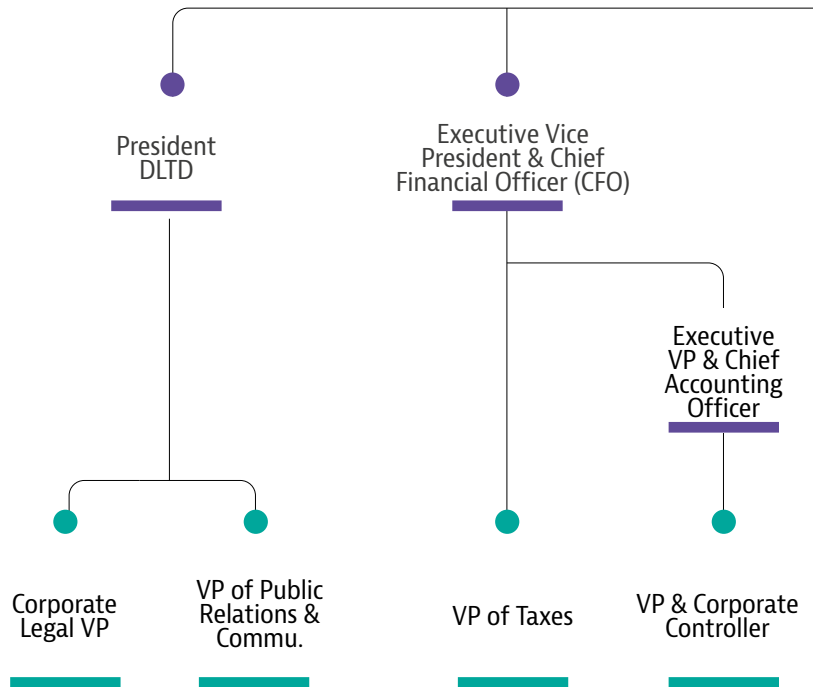


# Governance structure

## BOARD OF DIRECTORS

[GRI 102-18]  
[GRI 102-20]  
[GRI 102-26]

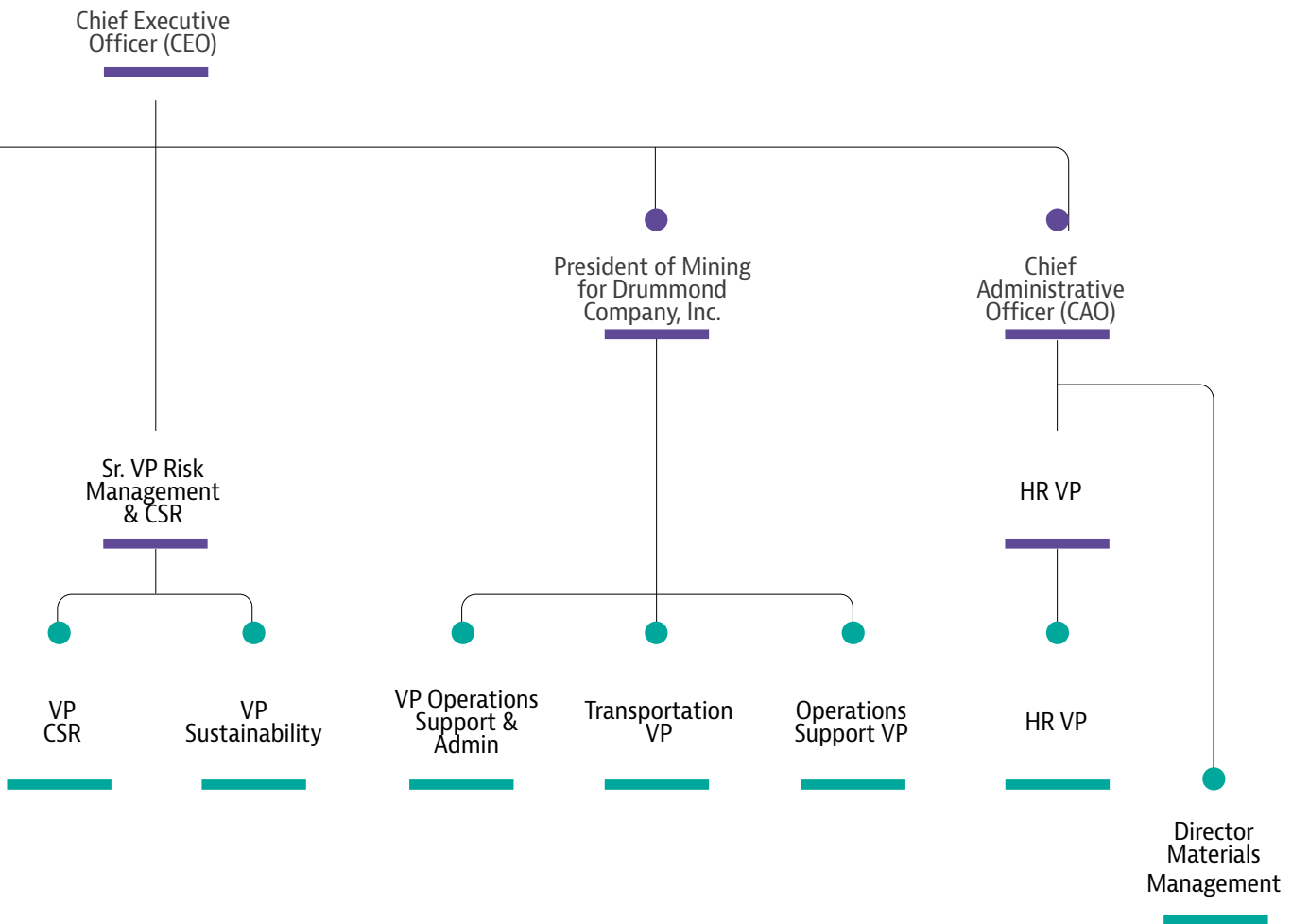
THE BOARD OF DIRECTORS IS THE COMPANY'S MAIN GOVERNING BODY AND, THEREFORE, IS DIRECTLY RESPONSIBLE FOR ITS STRATEGY AND DIRECTION. THE BOARD IS CHAIRED BY THE CEO OF DRUMMOND COMPANY, INC. AND INCLUDES FOUR OTHER DIRECTORS, THREE FROM DRUMMOND COMPANY INC. AND ONE FROM ITOCHU COAL AMERICAS, INC.



## COMMITTEES

[GRI 102-19]  
[GRI 102-33]





**Audit Committee**

Reviews and monitors the effectiveness of internal controls



The committees transmit information and alerts related to economic, environmental and social issues to the President of Drummond Company Inc. and the President of Drummond Ltd.



Then, they communicate directly with the CEO and the President of the Board of Directors, who inform the other Board members to evaluate the situations and make decisions.



[GRI 102-34]

The matters and alerts transmitted to the Board of Directors can mainly be summarized in the following categories:



### Development of the Mining Plan

Progress and compliance with the projected production schedule were reported. Review of budgets and management of resources.



### Situation of the Coal Market

The impact of the price of coal on operating costs and changes in customers and international markets were analyzed.



### Information Published about the Company

Regular reports on industry news and summaries of mentions and articles about the Company were published. Additionally, the results of the mining reputation survey were presented.



### Changes in Legislation

The repercussions of legislative changes on the Company's operations were analyzed, including resolutions and decrees related to COVID-19 and the declaration of a health emergency.



### Environmental Issues

The plan for compliance with legal obligations was communicated. Measures and practices to avoid, mitigate, restore and offset the impacts caused by the operations.



### Social Responsibility Programs

Progress with investment plans and fulfillment of the social clauses that make the social license to operate possible were presented.



### Progress with Social Processes

The legal provisions of a social nature developed by the Company in the area where it operates were shared. For example: resettlement processes.



# Compliance work

[GRI 102-16]  
[GRI 102-17]



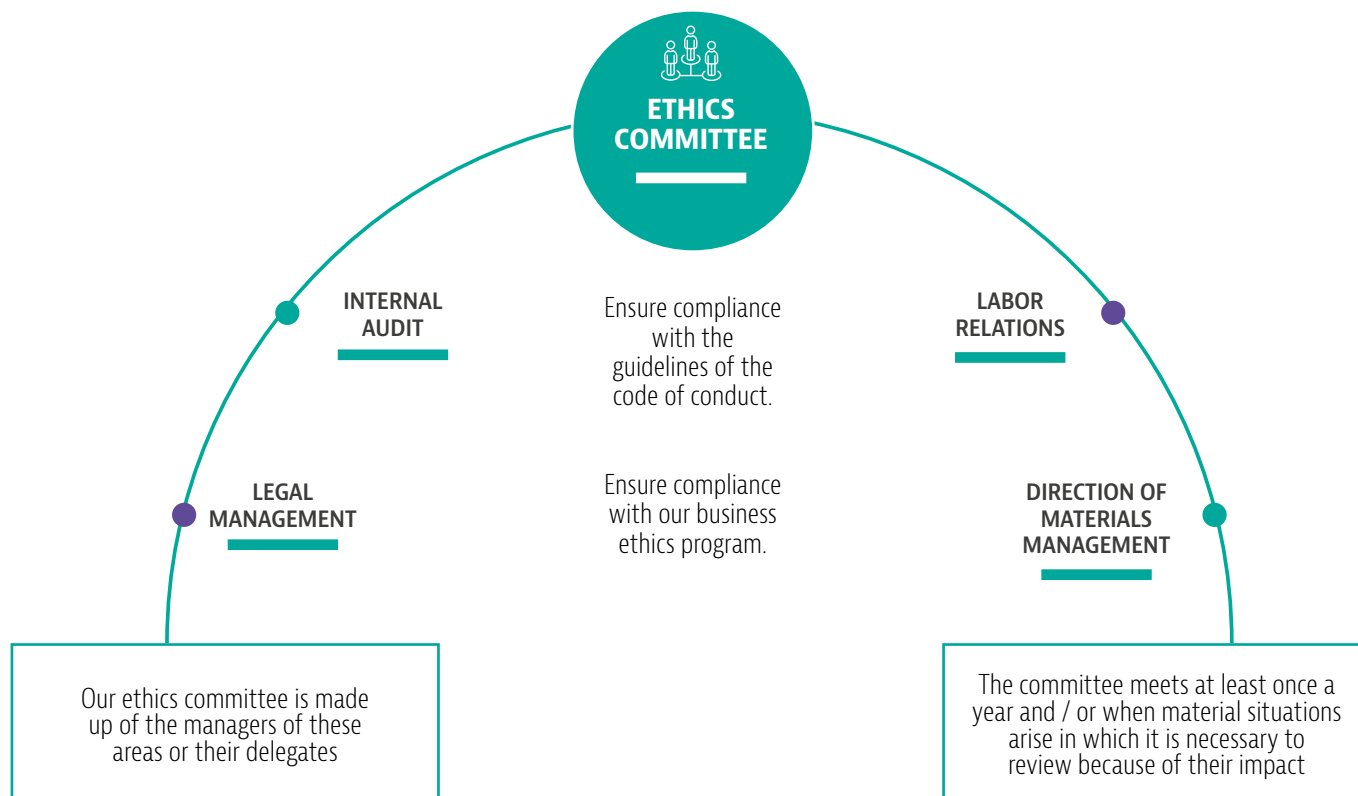
## BUSINESS ETHICS PROGRAM

Integrity and ethical behavior are fundamental pillars of Drummond Ltd.'s business culture. For this reason, the Company has a Business Ethics Program that is focused on its people. It promotes self-control and the identification of inappropriate behaviors, and has internal controls focused on the prevention of situations that would violate the law, standards, regulations and internal policies. It combines policies, guidelines and procedures that are communicated through the Company's web-

site,<sup>1</sup> ensuring access to information by stakeholders. Additionally, the Compliance Officer conducts periodic training sessions for employees, suppliers and contractors on this matter.

The foundation is the Code of Conduct,<sup>2</sup> which contains a declaration of the Company's principles of behavior and is shared frequently with all stakeholders to promote ethical behavior throughout the value chain.

1. <https://www.drummondLtd.com/about-us/our-commitment/?lang=en>  
2. <https://www.drummondLtd.com/wp-content/uploads/Code-of-Conduct-approved-RM.pdf>



Drummond Ltd. has a Complaints Channel so that any suspicion or knowledge of an irregularity in terms of compliance with policies, regulations, contracts or others can be reported safely by the complainant and resolved promptly. Additionally, it is available to answer questions or address needs related to compliance with the Company's Business Ethics Program.

Once any question or complaint is received, it is sent discreetly and confidentially to the Ethics Committee, which reviews and studies the evidence and related circumstances and objectively discusses the situation to issue a fair opinion. Throughout the process, the confidentiality of the information and protection of the complainant against any type of retaliation is guaranteed.

**The following are the means provided by Drummond Ltd. to file complaints:**



**Email address:**  
denuncias@drummondltd.com



**Phone lines:**  
Ethics line -  
Toll free 018000919161  
Direct line  
57 (5) 5719499  
Internal extension: 8499



**Online portal for citizen services:**  
<https://drummond.boreal-is.com/portal/drummond>



**Mailing address:**  
Calle 72 No. 10-07,  
Suite 1302,  
Bogotá, D. C.

In 2020, 65 reports were received, of which 55% were not complaints but rather commercial information, personal requests or notifications of legal proceedings. The 29 complaints received were investigated and closed, and were directed to the following areas of the Company:



**65**  
Reports

**55 %**  
were not complaints but rather commercial information, personal requests or notifications of legal proceedings.

**29**  
complaints received were investigated and closed

**Compliance management with stakeholders:**



**EMPLOYEES**

- The disciplinary process for matters related to Drummond Ltd. workers is carried out in accordance with labor laws and the internal labor rules.
- As part of the Corporate Onboarding Program that is conducted for all employees who join the Company, the Compliance Officer presents topics related to the Compliance Systems. Through this onboarding process, the policies, guidelines, procedures and responsibilities of each Drummond Ltd. employee are explained.



**SUPPLIERS AND CONTRACTORS**

- Drummond Ltd's suppliers and contractors must comply with the terms of their contractual agreements, since they define the rights and obligations of the parties, including the parameters of ethical conduct, and the legally established ways to terminate the relationship, if necessary.
- Training sessions are held regularly for suppliers and contractors on all Compliance matters.



**COMMUNITIES IN THE AREA OF INFLUENCE**

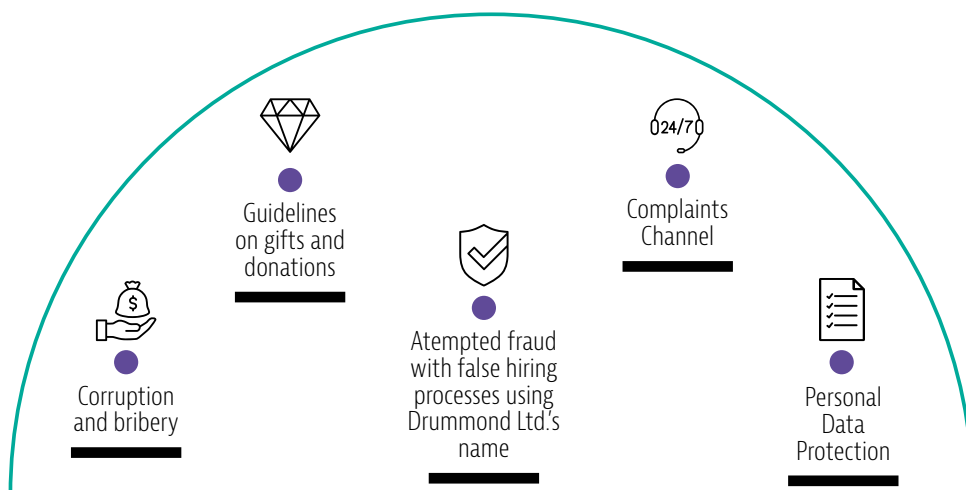
- In the case of communities in its areas of influence, Drummond Ltd. has Community Service Offices, where, among others, these types of situations are channeled when they are reported to Compliance, where appropriate. More information on this channel is provided in the Community Relations chapter.



To keep stakeholders informed, periodically the Company publishes information using its internal and external media (emails and social media) from the Communications Department to share the guidelines and policies of the Business Ethics Program and the systems to prevent any type of illegal activity that could affect the

Company's operations, as well as the measures to protect personal information and data, in compliance with Drummond Ltd.'s principle of responsibility with its stakeholders.

During 2020, the Company published five documents on the following topics:



**THESE PUBLICATIONS REACHED THE COMPANY'S 5,053 EMPLOYEES AND GENERATED MORE THAN 56,000 VIEWS ON DRUMMOND LTD.'S OFFICIAL SOCIAL MEDIA ACCOUNTS: FACEBOOK, TWITTER, INSTAGRAM AND LINKEDIN, CREATED TO MAINTAIN CONSTANT INTERACTION WITH ITS STAKEHOLDERS.**

**MONEY LAUNDERING AND TERRORISM FINANCING SELF-REGULATION AND RISK MANAGEMENT SYSTEM – SAGRIFT**

For Drummond Ltd., it is critical to maintain credibility and trust with its stakeholders and the general public. Therefore, since 2014, it has strengthened its processes and procedures with the aim of preventing and minimizing the likelihood that the Company, in the course of its operations or business dealings, could be used directly or indirectly to carry out illegal activities related to money laundering or terrorism financing. For this reason, in compliance with Basic Legal Bulletin 100-000006 of 2017 – Chapter X, issued by the Superintendency of Corporations, Drummond has the Money Laundering and Terrorism Financing Self-Regulation and Risk Management System (SAGRIFT, in Spanish).<sup>3</sup>

This system has been developed taking into account the characteristics of mining activity and of the Company, defining the general concepts and guidelines that must be followed for the prevention and control of these types of risks. It also

has a Money Laundering and Terrorism Financing Management Manual that contains the procedures and controls to reduce and manage the likelihood of occurrence or the impact of related risk events. Additionally, Drummond Ltd. established the STR (Suspicious Transactions Reporting) procedure to respond to requests by the authorities.

In compliance with the law, and with the objective of strengthening understanding of the Company's policies and systems, Drummond Ltd. conducts periodic training and education sessions for its employees to strengthen their ethical behavior. During 2020, 400 employees participated in training on the SAGRIFT System and the Business Ethics Program.

3. <https://www.drummondLtd.com/wp-content/uploads/POLI%CC%81TICA-PARA-LA-PREVENICIO%CC%81N-Y-CONTROL-DEL-RIESGO-DE-LAFT-V2-EN.pdf>

**PERSONAL DATA PROTECTION**

Drummond Ltd. recognizes that information is an important asset, not only for the Company but for employees and other stakeholders. For this reason, in accordance with the Personal Data Protection Law, the Company continues to strengthen the Personal Data Protection Program, taking the measures necessary to comply with the legal provisions.

The Personal Data Protection Program has a Manual of Internal Policies and Procedures for Handling Personal Data,<sup>4</sup> which contains the appropriate and effective measures for complying with Drummond Ltd.'s responsibility for stakeholders' personal data. The Company complies with the National Registry of Databases (RNBD, in Spanish), described in External Circular 002 of 2015, issued by the Superintendency of Industry and Commerce.

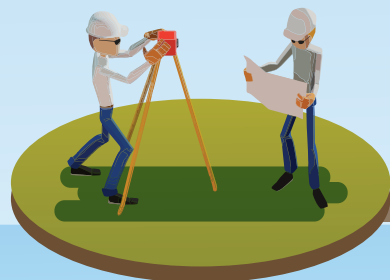
4. <https://www.drummondLtd.com/wp-content/uploads/PERSONAL-DATA-PROTECTION-POLICIES-AND-PROCEDURES-MANUAL-signed.pdf>



# Our value chain

We conduct operations that are environmentally responsible, complying with our legal obligations and taking steps to protect our environment through good practices.

## GEOLOGICAL, MINING AND ENVIRONMENTAL STUDIES



## MINING ENVIRONMENTAL DESIGN

Archaeological rescue

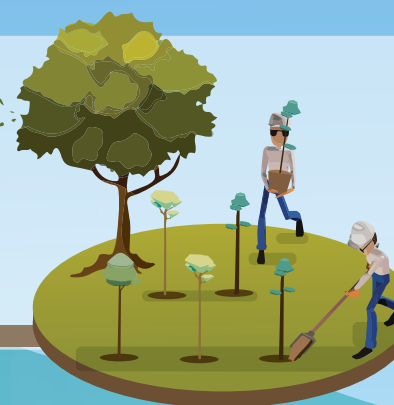


Wildlife relocation



## Forestry

- Collection of seedlings and seeds
- Soil collection and storage



## COMPLIANCE WITH LEGAL OBLIGATIONS



## Mining process

Mining environmental design

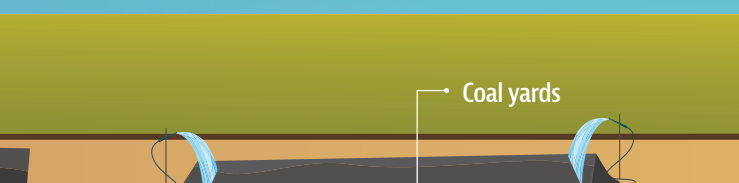
**Disposal of overburden**  
The overburden is taken to dumping areas that are later rehabilitated / replanted.



Ecological Rehabilitation



Coal yards



Direct Loading Dock



We contribute to the reduction of the carbon footprint through competitive and next-generation strategies

We base our processes on high standards and quality principles

**1.** Mining environmental design

**2.** Removal of alluvial material



**4.** Removal of overburden



Cleaning and extraction of coal  
The coal cycle continues

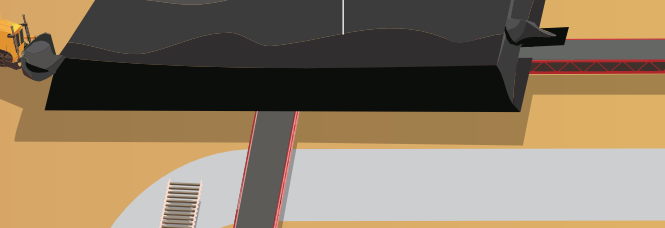


**5.** Coal storage



We have reliable and sustainable facilities that enable us to conduct our operations efficiently and responsibly

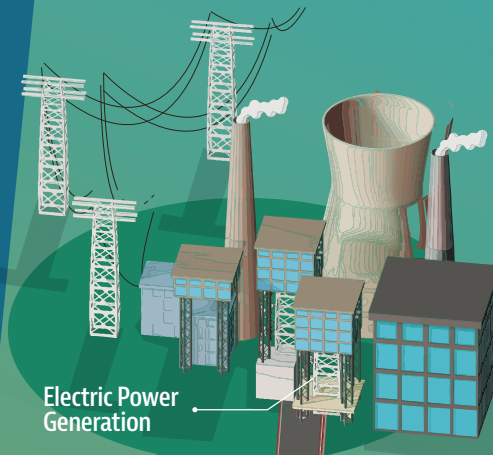
Coal unloading



**8.** Ship Loading



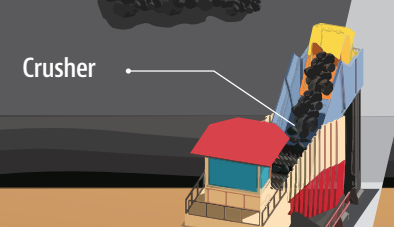
Electric Power Generation



**3.** Drilling and blasting



Sampling station and quality testing lab



**6.** Handling and Loading of Coal Mine - Port transportation



Conveyor belt

Car dumpers

Wetting

Hoppers

**9.** Coal export



Transportation to the thermoelectric plant



After loading the ship, the customer is responsible for the export, unloading and transportation processes, until the coal reaches its final destination.



We are aware of the importance of having a sustainable operation, which is why we work every day to keep Drummond Ltd. a world class benchmark.



We implement our environmental management, monitoring and control plan



We apply the control measures that are necessary to reduce environmental pollution.



We recognize that water is an essential element for life and nature, and critical within the mining process. We treat our water for use and management.



We reduce water consumption, using additionality criteria, according to which we comply with environmental regulations and reduce our consumption even further.



We have air quality control strategies that are sufficient to preserve the health of the population and our workers, as well as the natural environment.



We have a constant Irrigation Plan for roads, coal storage yards and the communities to maintain air quality.



We take measures to preserve, conserve and recover ecosystems, and also protect the fauna and flora given their importance to sustain current and future generations.



We separate our waste for storage and management.



We have a positive impact, we respect the communities, and we work to improve quality of life in the area where we operate. These actions are fundamental pillars for our organization's sustainable development.



We promote and respect the human rights of all people involved in our operations in Colombia, and of those who live in our areas of influence.



Industrial safety is our way of life. We make sure to protect the environment and the health and life of all of our employees, contractors, visitors and communities.



We work to hire and develop local companies in our area of influence, taking into account their economic and social impact.

# Our value chain



## Value cycle

[GRI 102-9]

Drummond Ltd.'s value chain is focused on its main activity, which is large-scale, highly technological open pit mining.

Based on this, the value cycle begins with economic feasibility studies that must guarantee operational efficiency subject to the preservation of the natural and cultural wealth of the areas of operation, and guarantee the monitoring and control processes to care for the environment, the communities and the employees.



Archaeological rescue, relocation of wildlife, collection of native seedlings and seeds, implementation of forestry projects and collection of soil samples



Design, development, assembly and preparation of mines.



**Extraction:** waste is managed using practices that guarantee the smallest possible environmental impact.



Finally, the coal is transported to Puerto Drummond on the Company's trains for export. There, the product is classified according to its characteristics and quality, so that at the time of shipment, mixtures can be prepared according to the quality requirements of each client.



The coal, once extracted, is transported from the mines to a collection center and train loading station, where it is classified and crushed so that the final product meets the quality conditions required by customers and the market.

### Certifications at the mining operations

- ISO 45001
- ISO 14001

### Certifications at the port operations

- ISO 45001
- ISO 14001
- Physical Security and Port Protection - ISPS
- Business Alliance for Secure Commerce - BASC



## Economic performance

[GRI 103-1]

Drummond Ltd. recognizes the great economic impact that its mining operations, as well as the transportation and shipping operations, has on its different stakeholders, both nationally, regionally and locally, as well as internationally. Income from coal exports is directly related to supply and demand dynamics on international markets, and to the development of the global economic environment in general.

Most of Drummond Ltd.'s activities are carried out in the department of Cesar, where mining constitutes around

**30.4 %**

OF ITS GDP.

Similarly, Cesar's coal production represents

**71 %**

OF THE TOTAL amount produced in the country.

Therefore, Drummond Ltd. continues to be an important company in the production of coal in Colombia, as it accounts for

**59 %**

OF THIS ACTIVITY.

[GRI 103-2]

It is important for the Company to maintain an efficient cost structure, which allows it to face volatility in the price of coal on international markets.

The graph below shows the behavior of the price of coal, using as references the indices recognized by the national government and from which several of the economic considerations related to royalties and compensation are paid. These are the API 2 and BCI 7 indices to determine FOB Colombian Port prices:



**API 2**

Steam coal price indicator in USD \$per metric ton at 6,000 kcal/kg NAR for CIF ARA deliveries (Amsterdam, Rotterdam, Antwerp), published by Argus McCloskey in the Coal Price Index Report.

This reference price is associated with a coal quality of

**11,370**

BTU/Lb.



**BCI 7**

The weekly arithmetic average of the daily values of maritime freight between Puerto Bolivar and Rotterdam, published by SSI in the SSI Mineral FFA Report, from the Baltic Exchange.

The average quality of the coal exported by Drummond Ltd. in 2020 was

**10,724**

BTU/Lb.

GRAPHIC 6.  
Coal reference price



As shown, the average price of coal for 2018 was US\$ 82.47 per ton, while the average for 2019 was US\$ 51.41 per ton, meaning a reduction of 38%. In 2020, the average was US\$ 42.21 per ton, that is, it dropped 49 % compared to 2018.

According to the information published by the DANE, during 2020 the country's Gross Domestic Product (GDP) dropped by -6.85%. This situation is not unrelated to the mining industry, given that there was a drop of -15.69% in mining and quarrying (which includes oil), and more directly for coal mining, the negative impact on GDP was -39.55%.

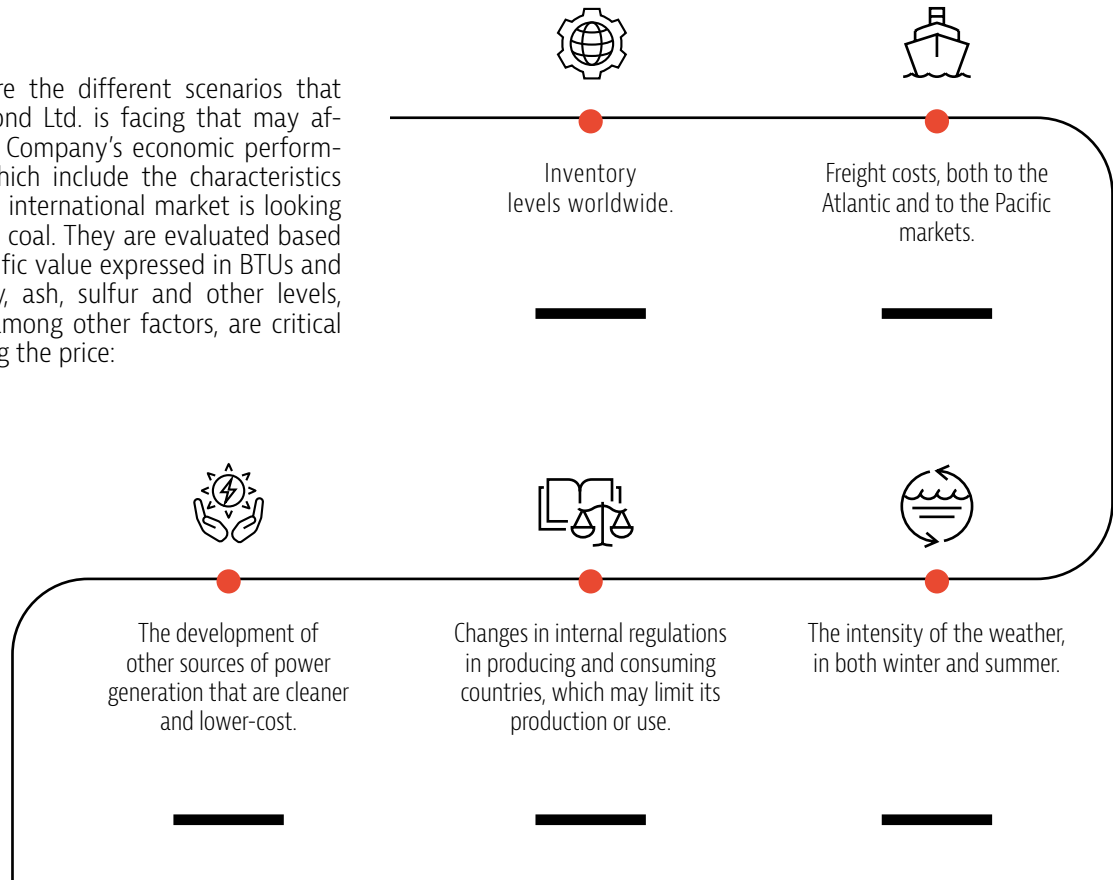
Colombian coal exports have fallen in recent years, as follows: 2017: 101.2 million tons; 2018: 81.7 million tons; 2019: 69.6 million tons, and 2020: 66.1 million tons. This, in terms of percentages, has represented decreases of -19.2%, -14.8% and -5%, respectively.

The GDP associated with coal mining represented 21.4% of extraction from mines and quarries in 2019, while in 2020 it was only 15.3%. This situation makes it possible to gauge the various scenarios that Drummond Ltd. is facing, which require a variety of steps to maintain the robustness of the Company and its operations.

**THE GDP ASSOCIATED WITH COAL MINING REPRESENTED 21.4% OF EXTRACTION FROM MINES AND QUARRIES IN 2019, WHILE IN 2020 IT WAS ONLY 15.3%.**



There are the different scenarios that Drummond Ltd. is facing that may affect the Company's economic performance, which include the characteristics that the international market is looking for in its coal. They are evaluated based on calorific value expressed in BTUs and humidity, ash, sulfur and other levels, which, among other factors, are critical in setting the price:



[GRI 103-3]

Drummond Ltd. has various mechanisms for monitoring economic performance, one of the main ones being the detailed and constant review of production costs and their execution as compared to the budget. For this reason, having control over production and export levels is important for the Company, which for the fifth consecutive year is the largest producer and exporter of coal in Colombia:

|      | PRODUCTION VOLUME | EXPORTS      |
|------|-------------------|--------------|
|      | Million tons      | Million tons |
| 2017 | <b>32.5</b>       | <b>32.4</b>  |
| 2018 | <b>30.8</b>       | <b>31.5</b>  |
| 2019 | <b>32.6</b>       | <b>31.1</b>  |
| 2020 | <b>29.3</b>       | <b>29.7</b>  |

The pandemic caused by COVID-19 had a major impact on the global economy, and significantly decreased production activity in manufacturing and industry, as well as demand for raw materials. Additionally, international coal prices are some of the lowest in the last 15 years, coupled with multiple environmental factors associated with the industry. Additionally, in 2020, the value of the Colombian peso dropped 12.5% compared to 2019, as the average exchange rate went from COP \$3,282.39 in 2019 to an average of COP \$3,691.27 in 2020.

The above was combined with the health emergency that was declared in the country in 2020 as a result of the COVID-19 outbreak. Drummond Ltd. adopted the necessary measures to ensure both the health and protection of its employees and the residents of the area of influence of its mining and port operations to control the outbreak, and with great importance for the economic stability of the region and the Company, achieving the following indicators:

**DRUMMOND LTD. ADOPTED THE NECESSARY MEASURES TO ENSURE BOTH THE HEALTH AND PROTECTION OF ITS EMPLOYEES AND THE RESIDENTS OF THE AREA OF INFLUENCE OF ITS MINING AND PORT OPERATIONS TO CONTROL THE OUTBREAK.**

#### MAIN INDICATORS OF ECONOMIC PERFORMANCE:

|      | <b>EBITDA</b>                  | <b>EBITDA /<br/>OPERATING INCOME</b> |
|------|--------------------------------|--------------------------------------|
|      | Million                        |                                      |
|      | <b>US\$</b>                    |                                      |
| 2017 | <b>362.2</b><br>US\$ 11.2 /TON | <b>18.2 %</b>                        |
| 2018 | <b>408.1</b><br>US\$ 15.3/TON  | <b>21.9 %</b>                        |
| 2019 | <b>420.0</b><br>US\$ 13.5/TON  | <b>20.5 %</b>                        |
| 2020 | <b>225.8</b><br>US\$ 7.6/TON   | <b>15.1 %</b>                        |

As a result of the events discussed above during 2020, EBITDA per ton went from US \$13.5/ton in 2019 (US \$ 420 Million/31.1 million tons) to US \$7.6/ton in 2020 (US \$226 Million/29.7 million tons). The EBITDA margin (EBITDA/operating income) reflects a decrease from 20.5% in 2019 (US\$ 420 Million/US\$ 2.051 Million) to 15.1% in 2020 (US\$ 226 Million/US\$ 1.498 Million).



[GRI 201-1]

**DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED<sup>5</sup>**

**DURING 2020, DRUMMOND LTD. MADE INVESTMENTS IN ACCORDANCE WITH ITS LONG-TERM MINING PLANS, WHICH ALLOWED IT TO MAINTAIN AND DEVELOP MINING ACTIVITIES, AND CONTRIBUTE TO OVERCOMING THE SOCIAL AND ECONOMIC CHALLENGES THAT THE DYNAMICS OF THE PANDEMIC HAVE IMPOSED ON THE REGION.**

In order to promote greater and better social stability, resources were invested in education and training, strengthening businesses and generating income, institutional and community infrastructure, promoting human rights, peace, the environment and health, to achieve sustainable development and promote greater and better social stability [sic].

The Company is committed to complying with the 2030 agenda, and during 2020 one of its main objectives, in the midst of the situations caused by the pandemic, was to maintain employment levels with all of the extra-legal and contractual benefits that its workers enjoy. All of this without suspending any employment

contracts, guaranteeing a decent and safe work environment, and promoting fair and equitable job opportunities for men and women, as well as equal compensation in terms of work for equal value (Goal 8.5). Additionally, it contributed to economic growth by its stakeholders in the area of influence, seeking to sustain or raise levels of economic productivity, reactivating the local economy and generating opportunities in the region. With these goals, Drummond Ltd. has achieved the following results:

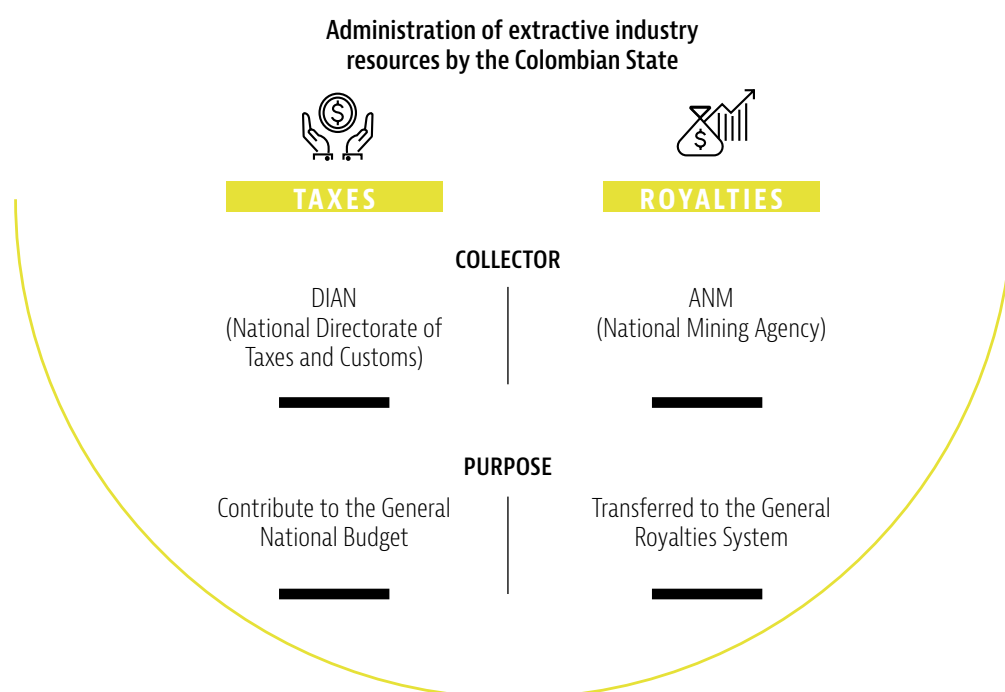
| Item                                   | 2018 amount (US\$)   | 2019 amount (US\$)   | 2020 amount (US\$)   |
|--|----------------------|----------------------|----------------------|
| Income from net sales                  | 2,196,382,517        | 2,050,912,868        | 1,496,750,144        |
| Income from financial investments      | 3,411,516            | 5,839,836            | 4,939,176            |
| Income from asset sales                | 4,192,101            | 5,210,179            | 2,885,749            |
| <b>Direct Economic Value Generated</b> | <b>2,203,986,133</b> | <b>2,061,962,883</b> | <b>1,504,575,069</b> |
| Operating expenses                     | 941,132,492          | 907,232,042          | 718,176,092          |
| Employee wages and benefits            | 296,123,239          | 305,348,163          | 277,595,003          |
| Payments to capital providers          | 0                    | 0                    | 0                    |
| Payments to governments                | 608,522,794          | 544,314,718          | 341,009,932          |
| Investments in communities             | 20,045,523           | 19,092,088           | 18,237,002           |
| <b>Economic Value Distributed</b>      | <b>1,865,824,048</b> | <b>1,775,987,011</b> | <b>1,355,018,029</b> |
| <b>Economic Value Withheld</b>         | <b>338,162,086</b>   | <b>285,975,872</b>   | <b>149,557,040</b>   |

<sup>5</sup>. This indicator was built based on the parameters established in the Guide for Preparing Sustainability Reports from the Global Reporting Initiative (GRI). Therefore, figures related to depreciation and amortization were not considered within operating expenses.

## PAYMENTS TO GOVERNMENT

Institutional stability, good performance in transparency indicators and a general atmosphere of trust in civil society are essential for the country's mining and energy investment. For this reason, Colombia voluntarily joined the Extractive

Industries Transparency Initiative (EITI), which seeks to develop a tool to complement government management to promote transparency and accountability in the extractive sector, aligned with national initiatives.



At the end of 2020, Drummond Ltd. had produced 29.3 million tons at its mining operations, which was 3.3 million tons lower than the amount produced in 2019. Production at La Loma (municipality of La Jagua de Ibirico) was 7.8 million tons and the El Descanso area (municipalities of Codazzi and Becerril) produced 21.5 million tons.

Additionally, it has produced, since the start of the mining operations in Colombia,

**502.3**

MILLIONS  
tons

and has paid:

by way of royalties and compensation

**US\$ 4,458**

MILLION

in taxes, fees and contributions

**US\$ 3,137**

MILLION

GRAND TOTAL

**US\$ 7,595**  
MILLION



[GRI 201-2]

### FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DERIVED FROM CLIMATE CHANGE



#### Description of risks

For Drummond Ltd., it is essential to identify the risks arising from climate change that could affect its operations. Water, for example, is a fundamental resource for the development of the mining and port operations. In a situation of scarcity, caused partly by climate change, the Company would face significant risks in operational, social, economic and environmental terms. The risk scenarios that could occur that are related to the availability of water include: severe winters or extreme droughts that could cause floods and landslides or, conversely, reduce the availability of water, not only for the company, but also for other users in the basin. Either of these two situations would lead to socio-environmental conflicts and the environmental authorities could even restrict or deny the granting or renewal of permits for the use of this resource, or for the general operation of the project.



#### Description of impacts

As well as identifying the possible risks derived from climate conditions, it is also essential to describe the effects of atypical climate conditions that could affect the normal development of operations. One possible scenario that could occur is an event caused by precipitation during the rainy season, which could cause storage capacity to be surpassed, followed by floods and an increase in the contribution of sediments to bodies of water, and landslides could occur in the pit<sup>6</sup> or in the dumping areas, compromising employee safety. Another situation that could also occur as a result of long droughts and very high temperatures, is a drop in the flow rates in streams, channels and rivers, as well as water reservoir levels, affecting aquatic fauna and the availability of this resource to control particulate matter and, indeed, for the entire operation. Areas in the recovery process could show signs of water stress, there would be high seedling mortality rates, and forest fires would be more frequent.



#### Financial implications

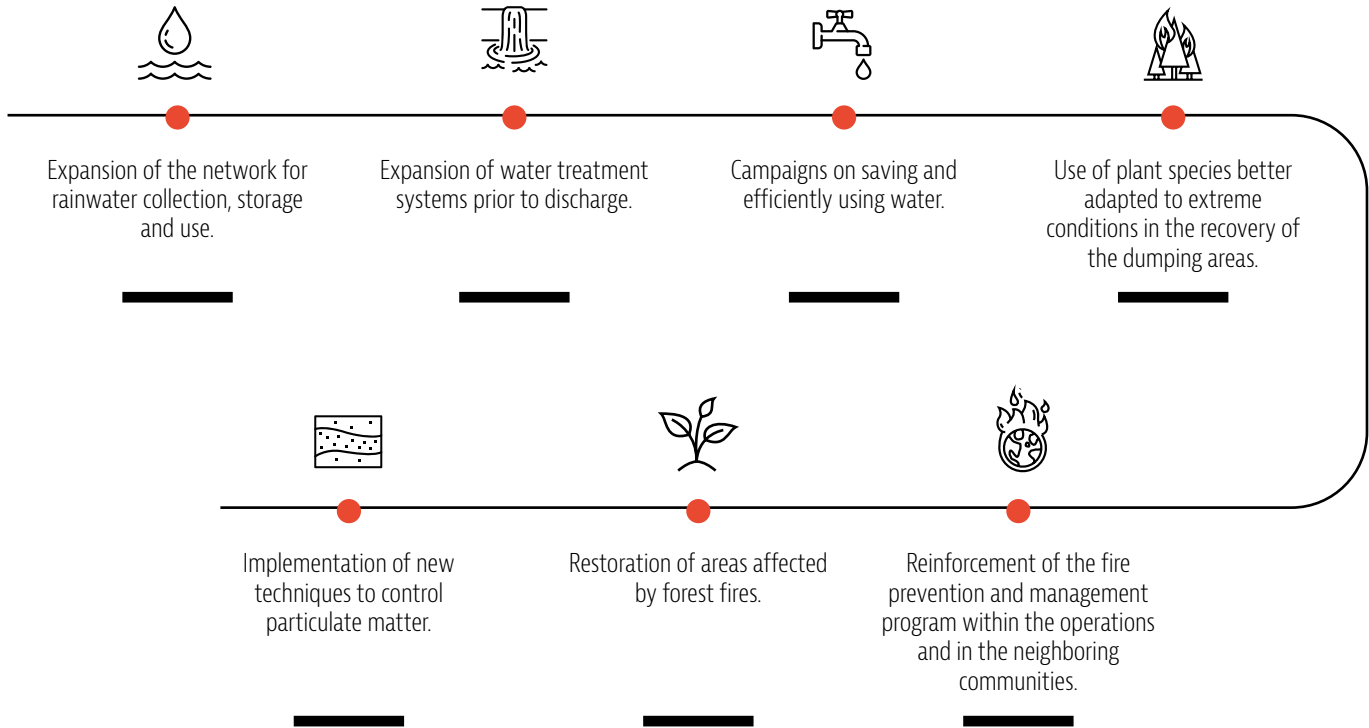
The risks caused by climate factors also have financial implications derived from their impact on the operations. A possible total cessation of operations, as indicated by industrial safety protocols, caused by various situations, such as fires, floods or large landslides, would have serious economic consequences for the Company, as well as negative environmental and social impacts.

<sup>6</sup> Pit: in the extraction mining method, a descending bank is created and a circular pyramid to the bottom is formed. Taken from the Colombian Ministry of Mines and Energy's technical mining glossary.



## METHODS FOR MANAGING RISK

With the aim of managing the risks derived from climate change, Drummond Ltd. has developed the following initiatives:



The Company also has a range of strategies that include:



The maintenance of conservation areas, which means that forests contribute to water and climate regulation, and also act as carbon sinks, as well as the areas where the forestry compensation program is executed or the protocol for recovering affected areas is implemented.



Continuous improvement in the effectiveness of the program to prevent and manage forest fires, which has an immediate response protocol and support from the local disaster response offices that train residents on fire-related topics.



Implementation of the water resource management plan, whose central concept is the Program to Save and Efficiently Use Water, which ensures the availability of water for the operation, and even for neighboring communities, if necessary, 12 months a year.

### COSTS ASSOCIATED WITH THE ACTIONS TAKEN TO MANAGE RISKS

Drummond Ltd. constantly evaluates the possible effects of climate change and alternatives to mitigate the impacts or adapt its mining and port operations. During 2020, the cost of risk management was US\$ 68,027,040, with of guaranteeing the environmental and economic sustainability of the business.



[GRI 201-3]

### OBLIGATIONS UNDER THE DEFINED BENEFITS PLAN AND OTHER RETIREMENT PLANS

Drummond Ltd. manages the contributions corresponding to the legally established pension funds that are freely chosen by each employee, as established by the General Pension System in Colombia. In 2020, the estimated value of the defined benefits contributions paid by the Company

was US\$ 19,691,974. For contributions through pension funds, it contributed an amount equivalent to 16 % of base wages, corresponding to the income for the year for each employee. The Company does not have retirement plans in addition to those established by law.

In 2020, the estimated value of the defined benefits contributions paid by the Company was

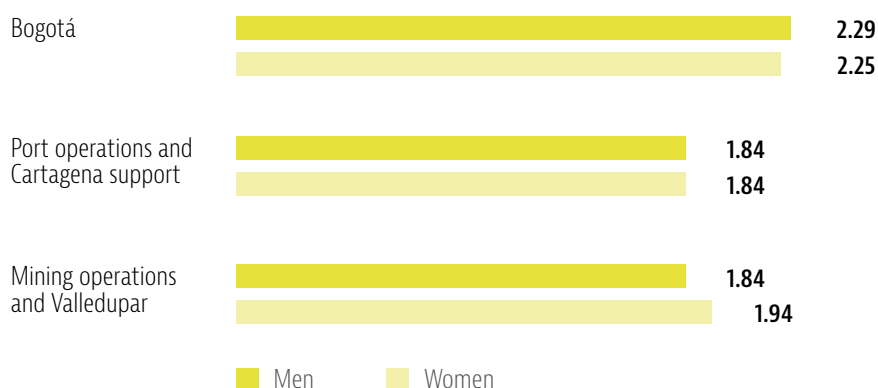
**US\$  
19,691,974**



[GRI 202-1]

### RATIO OF STANDARD ENTRY-LEVEL WAGE BY SEX COMPARED TO THE LOCAL MINIMUM WAGE

GRAPHIC 7.  
Relationship between the minimum wage paid by the company and the country's minimum wage for 2020



[GRI 202-2]

### PROPORTION OF SENIOR EXECUTIVES HIRED FROM THE LOCAL COMMUNITY

Drummond Ltd. promotes local talent with the aim of hiring senior managers that, in addition to being from the local community, also meet the characteristics required by the Company, such as:



Experience in the industry.



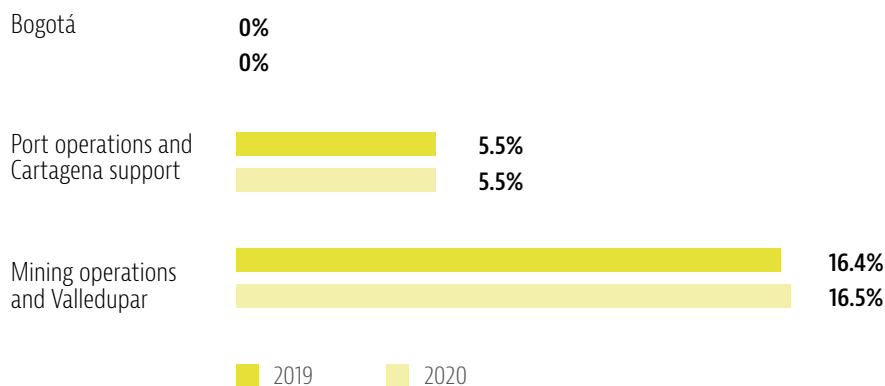
Appropriate academic profiles.



Familiarity with the areas in which it operates, to have not only the best talent but also to generate value through professional competitiveness and local employability at all levels.



GRAPHIC 8.  
Proportion of senior executives hired from the local community



This percentage is calculated based on the total number of employees at the Company's managerial level, which includes the president, vice presidents, superintendents, managers and assistant superintendents. In all cases, the proportion has varied due to slight changes in the workforce at all levels.



# Supply chain

[GRI 102-9]  
[GRI 102-10]

Having a supply chain that ensures the sustainability and profitability of Drummond Ltd.'s operations is critical to the Company's success.

## FOR THE SUPPLY CHAIN IT IS ESSENTIAL THAT LEGAL REGULATIONS BE FOLLOWED, THUS PROMOTING RESPONSIBLE, HIGH-QUALITY MANAGEMENT IN TERMS OF SAFETY, HEALTH AND THE ENVIRONMENT, SOCIAL RESPONSIBILITY, HUMAN RIGHTS AND ETHICS.

To achieve this objective, the companies that provide services to Drummond Ltd. must be aligned with the Company's policies, procedures, controls, guidelines and activities. This ensures that those companies comply with the highest industry standards from an operational, technical and economic perspective.

Additionally, for the supply chain it is essential that legal regulations be followed, thus promoting responsible, high-quality management in terms of safety, health and the environment, social responsibility, human rights and ethics (which includes a money laundering review).

Drummond Ltd. has a Contractors Manual, which was last updated in May 2020, among other reasons, to incorporate the

guidelines established in Decree 1072 of 2015 for issues related to "Industrial Safety and Occupational Health" and Decree 1076 of 2015 for issues related to the "Environment," and to refer to Resolution 0312 of 2019, which defines the minimum standards for the Occupational Health and Safety Management System.

This manual seeks to guide contractors/suppliers and make them aware of certain essential requirements related to providing goods and services. The manual includes six chapters: Safety; Administrative provisions and general aspects; Workplace health and safety; Environmental management; Corporate Social Responsibility (CSR), and Vehicles and transportation. The main topics covered in the manual are:



Reference framework for the process of supplying goods and/or services to Drummond Ltd.



Clear assignment of roles and responsibilities (user, contract administrator and contractor/supplier).



Hiring of local labor, services and supplies, responses to requests, complaints and claims, and reporting of voluntary social investments related to the Corporate Social Responsibility strategy.



In terms of human rights, contractors/suppliers are required to adopt measures to prevent all types of conflicts of interest, child labor or exploitation, gender inequality or inequity, forced labor, human trafficking, workplace harassment; additionally, they must allow their employees to exercise their right to freedom of association and respect labor rights by guaranteeing opportunities.

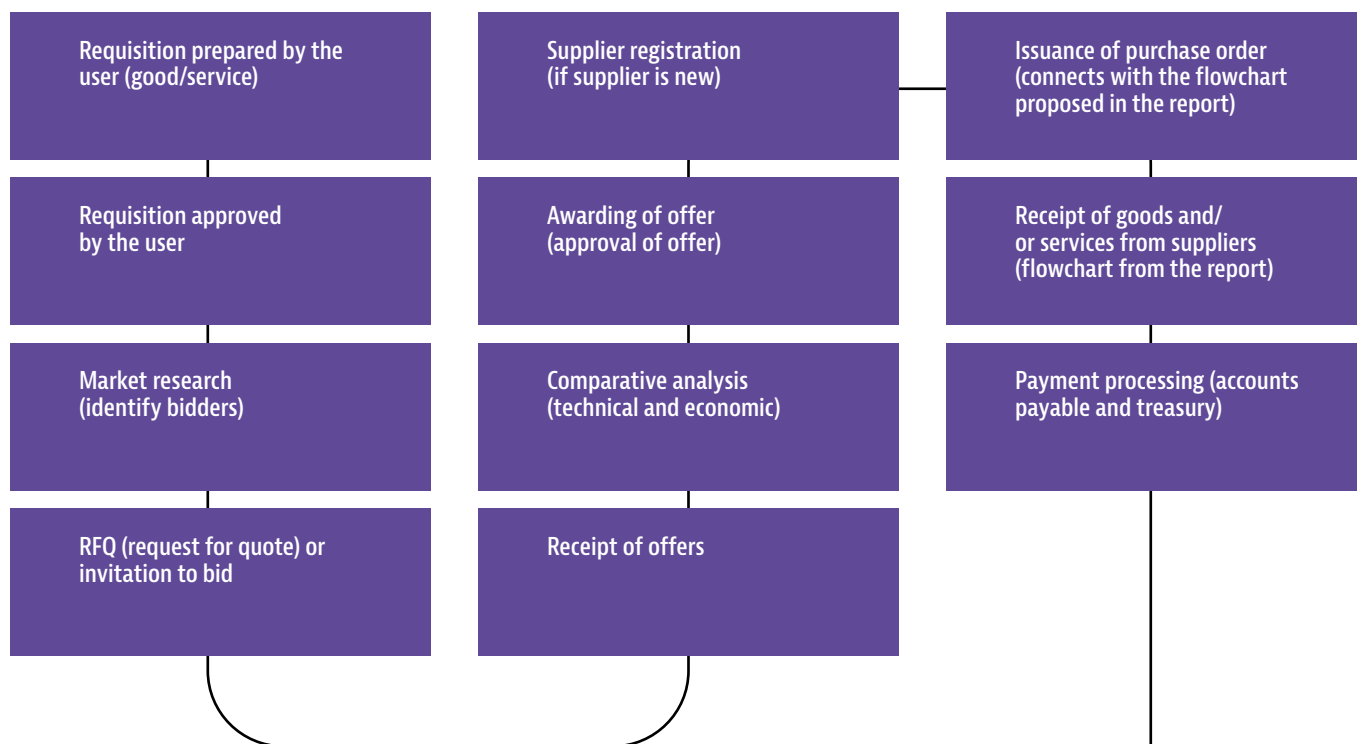


Finally, its objective is for contractors/suppliers to establish the appropriate mechanisms for receiving, recording, monitoring and responding, in a timely and accurate manner, the Requests, Complaints or Claims (PQR, in Spanish) that are submitted by stakeholders.



In terms of social investment, contractors/suppliers may freely design, finance and implement voluntary social investment projects in furtherance of their social responsibility policies.

The supply process for all goods, inputs and services required includes the following stages:



During 2020, the Company had commercial relationships with

**698**  
DOMESTIC SUPPLIERS

which represented  
**93%**  
of all suppliers

Of those

**289**

are located in the Caribbean region, mainly in the departments of Atlántico, Cesar, Magdalena and Bolívar, and their billings totaled

**US\$ 221,416,314**



## ADELA INÉS LUNA LOBATO

SOCIAL COMMUNICATOR -  
JOURNALIST  
DIRECTOR OF THE TV  
COSTA CHANNEL

**"2020 was an extremely difficult** and unusual year for most companies around the world. Some saw a considerable drop in income due to changes in supply and demand patterns, and due to health restrictions implemented by governments.

Drummond Ltd. stood firm and succeeded in each of the decisions it made, including the rigorous way in which it complied with all biosafety protocols, adding measures that created safer environments for the well-being of employees and suppliers, which at the same time helped to maintain its production goals.

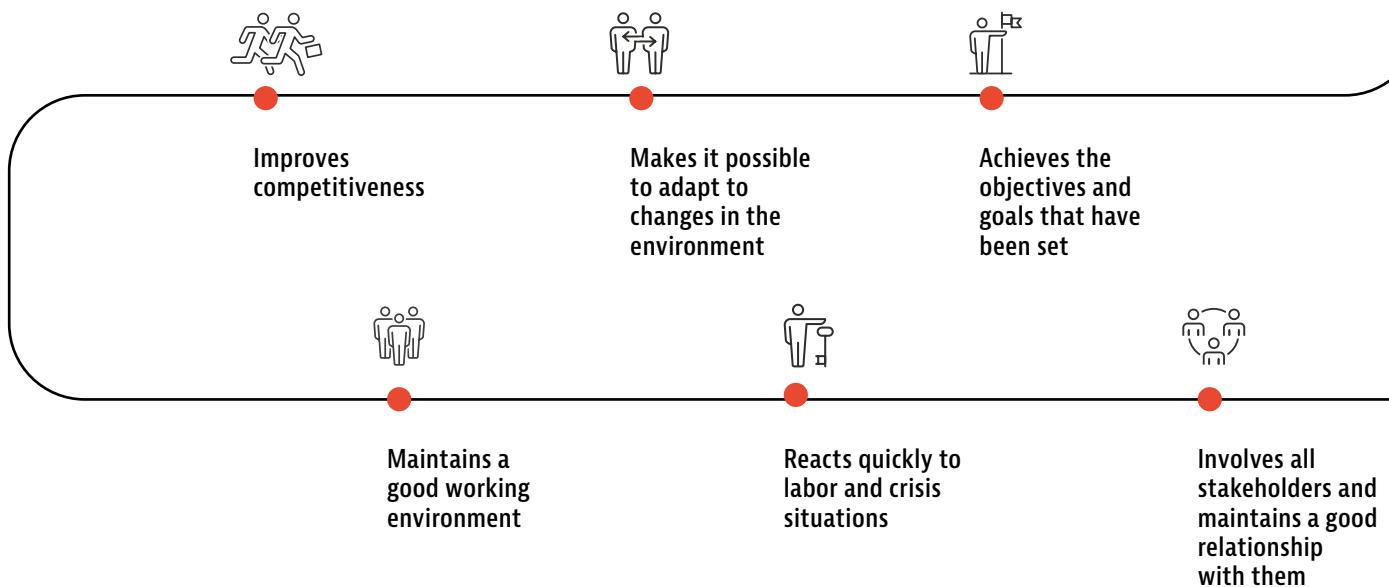
Drummond Ltd. is one of the few companies in the department of Magdalena that was able to keep its staff and payroll intact, in addition to the fact that it maintained its Social Responsibility projects, strengthening its bonds with the most vulnerable communities in Cesar and Magdalena. It also continued with its strategies aligned with the Sustainable Development Goals that it had been implementing to strengthen training in values and education." ■

# Communications management

[GRI 103-1]

Carrying out projects and activities at Drummond Ltd. requires transparent interaction with the Company's various stakeholders, which contributes to the fulfillment of its organizational objectives.

To do so, it is critical for the Company to work to provide appropriate and accurate communications, and this can only be done through an excellent communications management, which benefits the Company because it:



**IT IS IMPORTANT TO NOTE THAT THE RISK OF NOT ACHIEVING EFFECTIVE AND EFFICIENT COMMUNICATIONS CAN HAVE AN EFFECT ON DRUMMOND LTD.'S IMAGE AND, AS A RESULT, ITS RELATIONSHIPS WITH DIFFERENT STAKEHOLDERS COULD BE DISRUPTED.**

In addition, for Drummond Ltd., maintaining excellent communication with its stakeholders requires a series of commitments assumed and handled by the Company, which include: having an operation that cares for and protects the environment, reducing risks and respecting human rights, and strengthening the development of the communities in the area of influence. Good communications management is based on having great organizational performance, which in turn will be beneficial by creating a positive assessment of the Company's reputation.

Fulfilling these commitments requires maintaining direct, transparent, timely and accurate communication with stakeholders, which makes it possible to inform them of the benefits, opportunities, achievements and difficulties that the performance of Drummond Ltd.'s activities represents in their daily lives.

It is important to note that the risk of not achieving effective and efficient communications can have an effect on Drummond Ltd.'s image and, as a result, its relationships with different stakeholders could be disrupted.

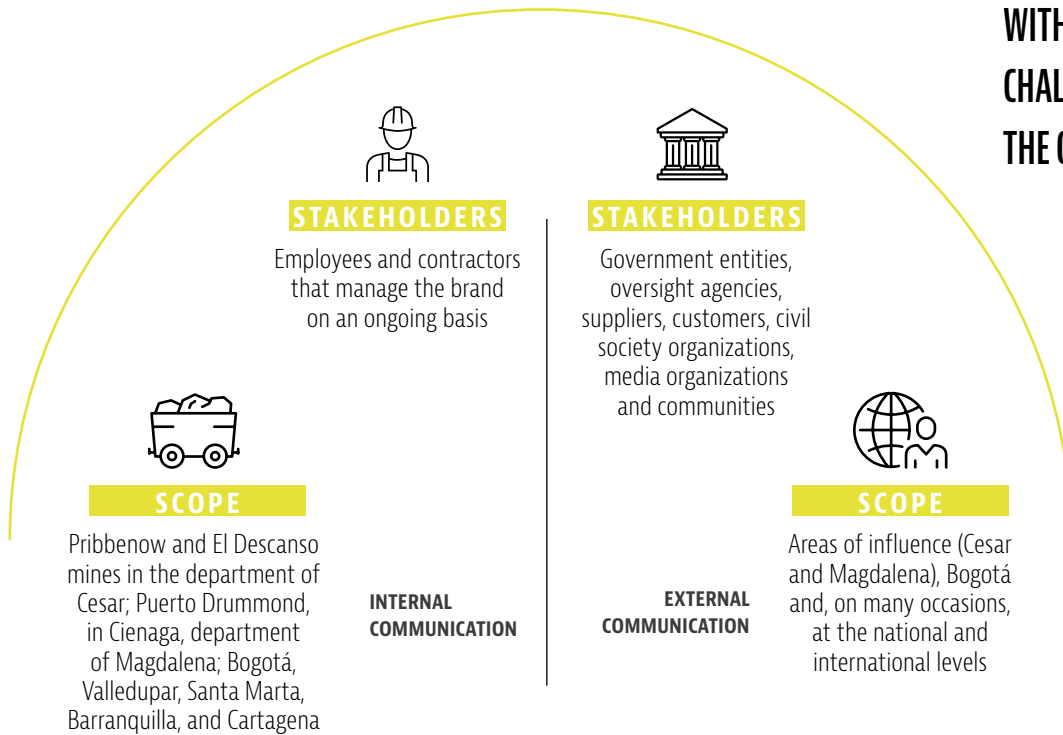


[GRI 103-2]

Communications management is based on the key pillar of achieving an assertive and effective exchange between the Company and its various stakeholders, seeking to ensure that it is polite and

reciprocal. To do so, Drummond Ltd. has tools for internal and external communication, with specific objectives to build a relationship with its different stakeholders, which are identified as follows:

**IT IS EXTREMELY IMPORTANT THAT THE MESSAGES DELIVERED ARE TRANSPARENT, ALIGNED WITH BUSINESS OBJECTIVES AND WITH THE MANAGEMENT OF THE CHALLENGES AND RISKS THAT THE OPERATIONS MUST FACE.**



[GRI 103-3]

**THE MECHANISMS USED TO MEASURE OUR COMMUNICATIONS WORK INCLUDE:**

Perception survey of the mining sector called "Mining Compass." This study is conducted annually and is executed by Jaime Arteaga y Asociados, in conjunction with the National Consulting Center.

Documentary and audit evaluation that includes visits to our Company's operations and chats with different stakeholder audiences (both internal and external).

As a result of the health emergency, there was a reduction in the number of face-to-face visits by large groups to the operations. However, in order to maintain relationships, the meetings were held virtually, and in-person meetings were held with small groups of local government authorities and community leaders, complying with all of the requirements and strict protocols established for protection and biosafety issued by the national government



and implemented by the Company. This made it possible to continue updating the risk matrix and thus measure the company's management.

Two-way dialogue with these audiences has allowed Drummond Ltd. to adjust internal and external messages for greater effectiveness, to identify potential risks according to external perceptions of the Company's performance, and to

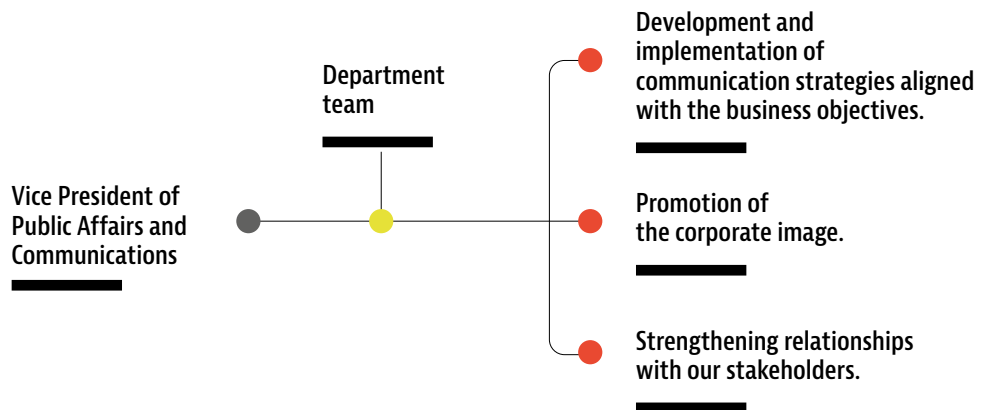
be more proactive, trying to be within the reach of all of its stakeholders when communicating achievements and social responsibility activities, which also helps to improve the Company's image.

On the Company's website, there is an option enabled for stakeholders to send feedback on the communication processes.<sup>7</sup> During 2020, 18 requests were received related to these processes.

[DLTD-01]

### COORDINATION AND COMMUNICATION OBJECTIVES

The Company has an organizational structure for communications, which allows it to have a positive impact on its different stakeholders and also guarantees the successful development of the various processes that are required to meet the communication objectives. This is how it works at Drummond Ltd.:



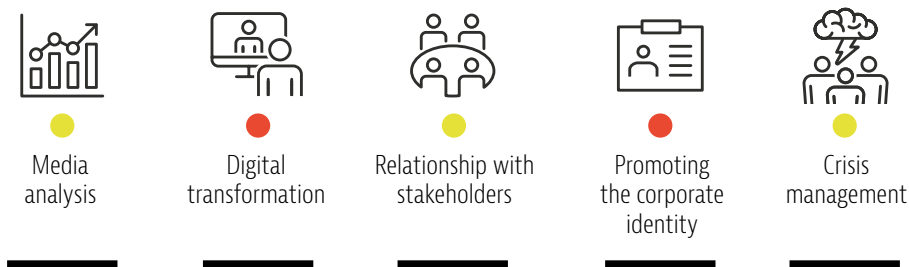
**DRUMMOND LTD. HAS A CORPORATE COMMUNICATIONS STRATEGY, COMPRISED OF CORE CONCEPTS ON WHICH IT BASES ITS PRACTICES AND DETERMINES ITS COMMUNICATIONS MANAGEMENT.**



7. Contact us at: <https://www.drummondLtd.com/contact-us/?lang=en>



It is also important to measure the success of these efforts, and to do so the Company implements relevant measurement indicators that establish its compliance with the communication plans:



**IT PREPARED MORE THAN 30 RADIO SPOTS AND MORE THAN 65 AUDIOVISUAL PROJECTS TO SUPPORT THE INDUSTRIAL SAFETY, HUMAN RESOURCES, CSR, COMMUNITY RELATIONS, ENGINEERING, ENVIRONMENTAL AND MANAGEMENT AREAS, AMONG OTHERS. IT ALSO HAD A 2% INCREASE IN THE NUMBER OF PUBLICATIONS.**

During the health emergency facing the world, in addition to the exceptional conditions in which the country's mining sector operated, the Communications department prepared a strategic plan that included all actions and campaigns that were carried out in support of the contingency plan, and also supported by a reactivation and differentiation strategy, shared through the Company's different communication channels, positioning it through the use of new trends in communication and digital transformation, which gained momentum as a result of the pressing need caused by the situation that arose in 2020 and is still present.

The Communications department maintained the commitment and the guidelines that ensure the proper dissemination of information to stakeholders, becoming and consolidating itself this year as the bridge and the most expeditious channel between all areas and departments of the Company, with all of their different audiences, to share any actions, processes and activities of interest to them.

By doing so, the department generated more than 250 informational announcements aimed at different audiences within the Company; more than 250 corporate emails were sent, an increase of 84.2% as compared to 2019. It prepared more than 30 radio spots and more than 65 audiovisual projects to support

the Industrial Safety, Human Resources, CSR, Community Relations, Engineering, Environmental and Management areas, among others. It also had a 2% increase in the number of publications.

During the crisis, the role of communication in the course of the Company's business became more visible through different actions and channels, which shows that Drummond Ltd. is a resilient company that performs responsible mining, applying all necessary measures to remain a major player in the development of the region and the country.





Similarly, the Company aligned itself with the campaigns and measures imposed by the World Health Organization and the national government as part of the health emergency. As part of this process, and in response to the COVID-19 crisis, different campaigns were created:

#### #YOPREVENGOELCONTAGIO

Led by the Communications department to spotlight all of the actions taken by the Company aimed at preventing the spread of COVID-19, in accordance with government decisions.

#### SOMOS MÁS

Strategic action led by the Corporate Social Responsibility department, with the support and advise of the Communications department, initially focused on a partnership with the Food Bank Association of Colombia (Asociación Banco de Alimentos de Colombia – ABACO) for voluntary food donations from employees to those in greatest need in Cesar and Magdalena, living in the municipalities in the area of influence. This action was coordinated with the **#ConNuestraGente** campaign, which was the corporate strategy that communicated all of the humanitarian assistance provided by the Company during this health emergency.

#### #AVANZAMOSJUNTOS

Strategy led by the Communications department, with the support of all of the Company's other departments, which was designed to generate confidence and peace of mind regarding the continuity of the operation.



To achieve good results, the Communications Department has a variety of tools to meet its objectives, which include:



### Communications policy

<https://www.drummondLtd.com/wp-content/uploads/Politica-de-Comunicaciones.pdf>



### Corporate identity manual

As part of the development of the communication strategy in its Corporate Identity indicator, and after beginning the third update to the Identity Manual, currently under review, which established and adjusted some rules and parameters, providing the user with a consolidated and uniform image.



### "Drummond Te Informa - Special Edition" newsletter

Published monthly.  
Aimed at all stakeholders, especially employees



### "Drummond Te Informa - Special Edition" newsletter

Published as often as necessary.  
Aimed at all stakeholders, especially employees.



### Press releases

At least two are issued per week.  
Aimed mainly at the media, in addition to sharing information with employees, suppliers, contractors, government officials, embassies and others.



### Revista Drummond

Published quarterly.  
Aimed at all stakeholders



### Digital billboards

Updated weekly  
Aimed at employees  
Location: employee dining rooms at the mine and port operations.



### Physical billboards

Updated constantly.  
Aimed at employees.  
There are 30 in all, distributed throughout the mine and port operations.



### Internal email

Information is sent whenever necessary.  
Aimed at all employees.



### Website

[www.drummondLtd.com](http://www.drummondLtd.com)  
Updated constantly.  
Aimed at all stakeholders.



### Organizational announcements

Published monthly.  
Aimed at administrative employees.



### Cacica stereo

(Commercial FM radio)  
Daily broadcasts.  
Aimed at all employees and stakeholders in the area of influence and those who listen online.



### Drummond in the News newsletter

Published monthly.  
Aimed at external stakeholders (contractors, suppliers, authorities, etc.)



### "La Nota Bacana"

Published monthly.  
Aimed at all employees.



### Connect with Drummond program

As support for the operations, radio programs are broadcast through the Company's radio base. It is aimed at truck operators from the Production and Coal areas.

## SOCIAL MEDIA



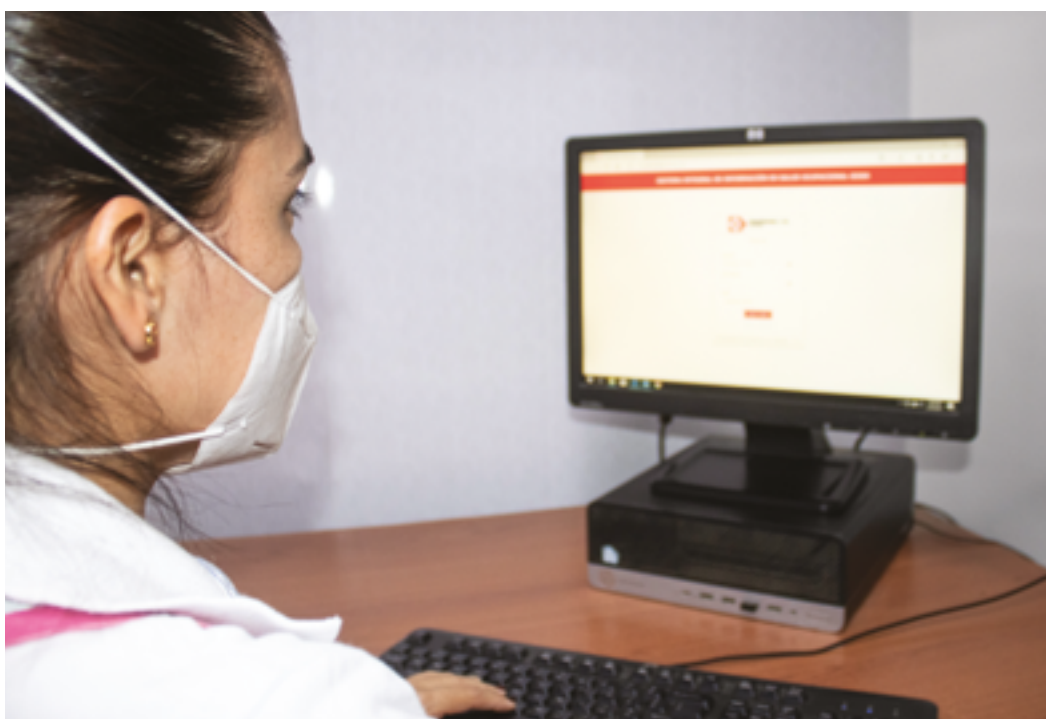
Twitter  
**@DrummondLtdCo**  
Updated daily. Aimed at all stakeholders.

### CORPORATE IDENTITY MANUAL:

As part of the development of the communication strategy in its Corporate Identity indicator, and after beginning the third update to the Identity Manual, currently under review, which established and adjusted some rules and parameters, providing the user with a consolidated and uniform image. This manual is proposed as part of the Company's Communications Policy, and all departments must use and consult it.

### COMMUNICATIONS EMAIL AND WEBSITE

The Communications department responds to requests and concerns submitted by the media. With access in the News and Publications – Contact section of our website,<sup>8</sup> it is possible to provide a direct link to journalists, the media or associated companies, to provide communication services with our Online Citizen Services Portal. The Company is currently in the process of updating the design of the website and its contents.



<sup>8</sup>. Contact us at: <https://www.drummondLtd.com/news/media-contact/?lang=en>



Instagram

**@drummondLtdco**

Updated daily. Aimed at all stakeholders.



Facebook  
(new account opened in 2020)

**Drummond Ltd.**

Updated daily. Aimed at all stakeholders.



LinkedIn

**Drummond Ltd.**

Updated constantly. Aimed at all of the Company's stakeholders.



YouTube

**DrummondLtdCo**

Videos on different Company processes are published occasionally. Aimed at all stakeholders.



**EMAIL**  
**rhcomunicaciones@drummondltd.com<sup>9</sup>**

Using this communication channel, information associated with internal publications or official Company messages is sent to Drummond Ltd employees, which also makes it possible to reinforce exclusive contact with this internal audience on issues related to Human Resources or related areas (Industrial Safety, Payroll). This account is only used for sending automated messages. However, we constantly receive concerns, requests or comments from our workers, which are redirected to the different areas so that they can provide an appropriate response. This channel is available for:

Employees who use corporate email for their work tasks, usually employees in administrative areas or with supervisory roles.

Operational personnel, who do not have access to corporate email, but have authorized the use of their information to receive official company information sent to their personal and/or authorized email address. Since 2014, Drummond Ltd. has provided its employees with this option through the 'Leave us your email' campaign, through which it also reduced the use of paper.

**EMAIL**  
**comunicacionesdrummond@drummondltd.com<sup>10</sup>**

Through this communication channel, the Company reinforces exclusive contact with its various stakeholders, employees, contractors and other outside audiences. Drummond uses this channel to send all information associated with internal or external publications or official Company messages, according to the purpose of the information. Any concerns, requests or comments received are redirected to different departments so that they can provide a proper response. This channel is available for:

Employees who use corporate email for their work tasks, usually employees in administrative areas or with supervisory roles.

Operational personnel, who do not have access to corporate email, but have authorized the use of their information to receive official company information sent to their personal and/or authorized email address. Since 2014, Drummond Ltd. has provided its employees with this option through the 'Leave us your email' campaign, through which it also reduced the use of paper.

Other audiences that are part of our stakeholders and are included in our database and have agreed or requested to be included in it.

**9.** rhcomunicaciones@drummondltd.com - This email account was created for purposes related exclusively to Drummond Ltd. employees and is used for automated mailings only.  
**10.** comunicacionesdrummond@drummondltd.com - This email account was created in 2020, to send corporate information to all our stakeholders; it is used for automated mailings only.





[DLTD-02]

## MEDIA PLAN

Since 2012, Drummond Ltd. has had a Regional Media Plan, and its primary objective is to position the Company as one that is committed to its stakeholders and that provides information to the communities in its area of influence about the programs and projects that it develops.

This plan is mainly focused on employees, their families, the communities from the municipalities and townships in the mining and port areas of influence (departments of Cesar and Magdalena), as well as along the railroad corridor. Added to these

are local and regional authorities, regulatory agencies, media outlets, contractors and the community in general.

Several of the topics covered are: employment, benefits, environmental management, corporate social responsibility, community support, industrial safety, human rights, our operations, innovation and technology, and compliance. Additionally, all of the information associated with the reactivation, prevention and community relations campaigns was included as part of the response to the COVID-19 crisis.

For communications management, and especially for the development and implementation of the Regional Media Plan, the following resources have been allocated:



### FINANCIAL

**USD**  
**187,000**



### HUMAN RESOURCES

- **1** Vice President of Public Affairs and Communications
- **1** Director of Communications
- **3** Communications Analysts
- **1** Assistant
- **5** Student Interns



### TECHNOLOGICAL

- **Computers**
- **Photographic** and video camera, with their respective memories and accessories such as lenses, tripods, flash, batteries
- **Headphones**
- **Cell phones**
- **Tape** recorders



## RESULTS OF THE MINING COMPASS

According to the sixth panel on the Colombian mining sector, conducted by Mining Compass (Brújula Minera) on media impact analysis, for the first time Drummond Ltd. ranked first in the categories of best reputation in mining and non-mining municipalities in 2020. Additionally, for the third consecutive year the Company came in second place for the mining company with the best reputation according to public opinion in 2020, and remained in second place for perception of the Company by government audiences.

**FINALLY, DRUMMOND LTD. REMAINED IN SECOND PLACE FOR REPUTATION AMONG MINING SECTOR WORKERS. THIS IS THE RESULT OF THE EFFECTIVE MANAGEMENT CARRIED OUT ON THE DIFFERENT FRONTS THAT THE OPERATION REQUIRES.**

## Milestones

### Social media:

The various social media accounts managed by the Communications Department had gained more followers as compared to 2019, and in some cases they doubled; the challenges set for 2020 were exceeded. Additionally, the Company added a new social network account: Facebook.



#### LinkedIn

**34,029**

End of 2019

**68,120**

End of 2020

**34,091**

Increase 2020

**100%**

Percentage increase compared to 2019

**60,000**

Goal 2020

**68,120**

Achieved

We exceeded the goal set by

**13.5%**



#### YouTube

**428**

End of 2019

**890**

End of 2020

**462**

Increase 2020

**107%**

Percentage increase compared to 2019

**550**

Goal

**890**

Achieved

We exceeded the goal set by

**61.8%**



#### Twitter

**8,048**

End of 2019

**10,900**

End of 2020

**2,852**

Increase 2020

**35%**

Percentage increase compared to 2019

**9,000**

Goal

**10,900**

Achieved

We exceeded the goal set by

**21.1%**



#### Facebook

**653**

May 2020

**7,392**

End of 2020

**6,739**

Increase 2020

**1,032%**

Percentage increase compared to May 2020, when it was created

\* This social media account was created at the end of May 2020

\*\* Facebook did not have a goal. The objective was to create a page on the social network.



## Challenges 2021

### Create digital communities

To develop effective communications with digital communities, the model is based on 3 core concepts: leadership, customer experience, people and processes.

### Present the Annual Communications Report

### Continue to strengthen social media presence

Increase the number of followers on each of these social networks.

### Continue to promote the work of the Communications Department with various audiences

Share the actions of the Communications Department.

### Continue to strengthen and consolidate relationships based on trust and transparency

Develop more publications, through digital platforms and social media.

Create campaigns aimed at strengthening relationships between the company and its employees.



Instagram

**11,900**  
End of 2019

**18,794**  
End of 2020

**6,834**  
Increase 2020

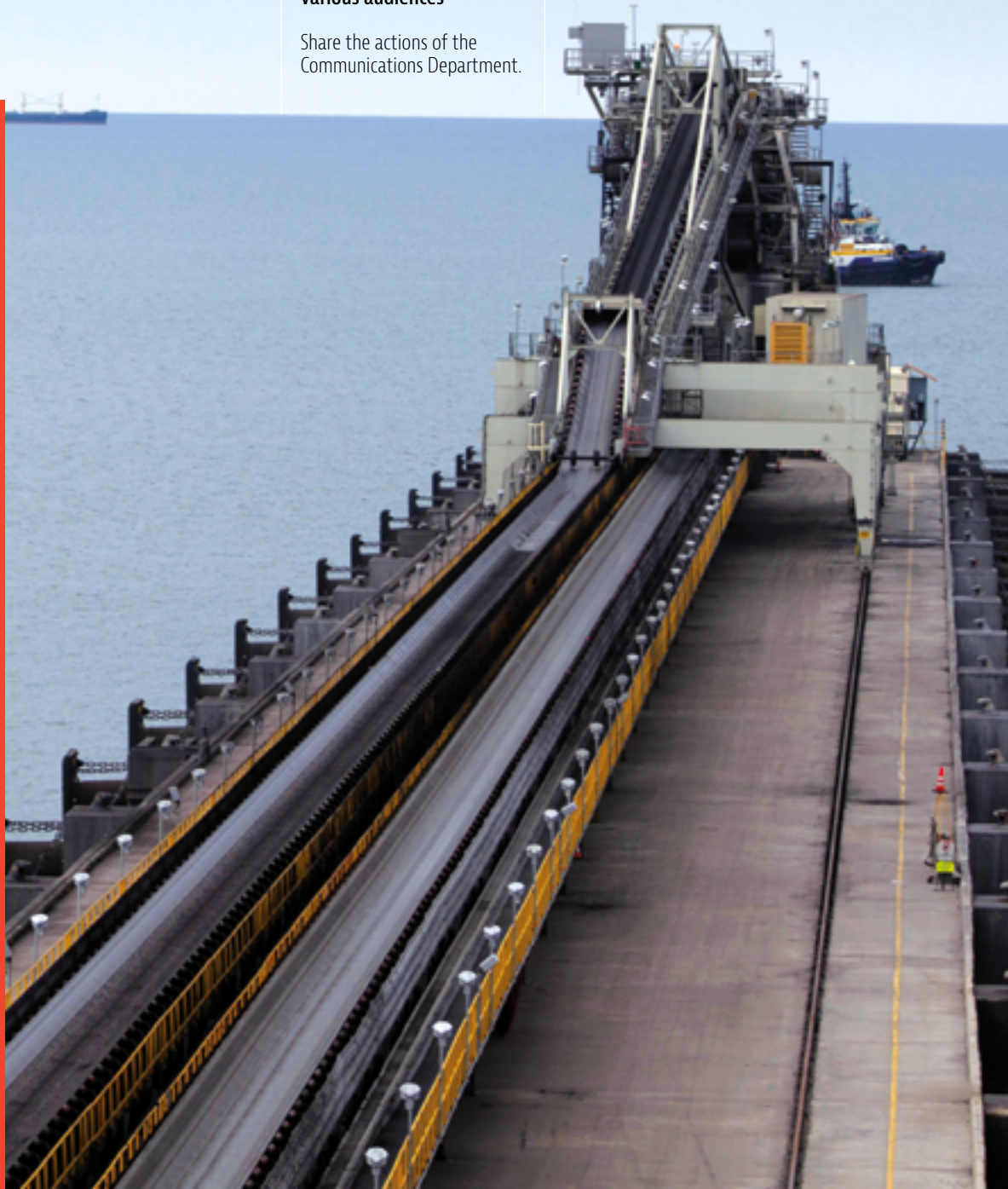
**57%**  
Percentage increase compared to 2019

**16,000**  
Goal

**18,700**  
Achieved

We exceeded the goal set by

**16.8%**





THE COMMITMENT TO HAVING A POSITIVE IMPACT IS THE BASIS OF DRUMMOND LTD.'S VISION OF SUSTAINABILITY. IT AIMS ITS EFFORTS TOWARD IMPLEMENTING THE HIGHEST QUALITY STANDARDS AND THE BEST PRACTICES IN TERMS OF SUSTAINABILITY, WITHIN THE FRAMEWORK OF WORLD-CLASS, RESPONSIBLE AND SUSTAINABLE MINING WORK THAT CONTRIBUTES TO THE DEVELOPMENT OF THE STAKEHOLDERS LINKED TO THE OPERATIONS. AT DRUMMOND LTD., MINING IS PERFORMED IN A WAY THAT IS ECONOMICALLY VIABLE, ENVIRONMENTALLY SUSTAINABLE AND SOCIALLY RESPONSIBLE.

# 02

# vision of sustainability





## CAROLINA GUTIÉRREZ HERNÁNDEZ

DIRECTOR OF SUSTAINABILITY,  
COLOMBIAN MINING  
ASSOCIATION – ACM

**“From the beginning of COVID-19,** Drummond Ltd. was always concerned about its communities, and preserving life was the most important pillar in the Company’s actions.

It is important to note Drummond Ltd.’s strong commitment to both its stakeholders and the actions it takes every day to achieve its vision of sustainability. Drummond Ltd. is not only interested in internal processes and constantly improving, but also in making sure that other companies that are part of the mining sector also improve and share their experiences and best practices. One of the aspects that Drummond Ltd. could highlight is that its commitment in all three dimensions: economic, social and environmental, has evolved over the years, having a positive impact on its actions as a leader in terms of sustainability and social responsibility.” ■

# A shared vision of sustainability

Drummond Ltd. works to incorporate a shared vision of sustainability that generates value and positive impact for its stakeholders into its business model. The Company connects all departments to ensure that its actions contribute to sustainable regional development, in order to guarantee not only the viability of Drummond Ltd., but also the strengthening of local capacities and its relationships with stakeholders under the principles of trust and co-responsibility.

**DRUMMOND LTD. REAFFIRMS ITS COMMITMENT TO ITS STAKEHOLDERS, TO SUSTAINABLE DEVELOPMENT, TO THE LAW AND INTERNATIONAL STANDARDS, AND TO INCORPORATING SOCIAL RESPONSIBILITY INTO ALL OF ITS BUSINESS ACTIVITIES.**

In addition to proper risk management and identifying impacts on each of the components of sustainable development, Drummond Ltd. considers the context variables analyzed in the socio-economic descriptions of its area of influence to execute its Corporate Social Responsibility Strategy. Based on its Sustainability Policy,<sup>11</sup> Drummond Ltd. reaffirms its commitment to its stakeholders, to sustainable development, to the law and international standards, and to incorporating social responsibility into all of its business activities.

The Company continues to strengthen its strategic vision of “increasing and sharing the benefits of its business project with the stakeholders in its areas of influence, through building and strengthening local capacities,” based on the four core pillars of its work:

## PILLARS



### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.



### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.



### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.



### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.



## On the path to sustainability

In 2017, the Company created the Corporate Social Responsibility Department, now the Office of the Vice President of Sustainability, incorporating this concept as the cornerstone of its corporate activities.

Drummond Ltd. established a roadmap to strengthen the work that it had been developing since the beginning of its operations, starting with formalizing the Sustainability Policy and designing the different tools and strategies that ensure not only compliance with the law, but also respect for human rights, maintaining and strengthening relationships with stakeholders and the legitimacy of its social license to operate.

During 2018 and 2019, the Corporate Social Responsibility Department became increasingly well-recognized within the company and designed the Strategic Social Responsibility Matrix, which includes the definition and creation of a portfolio of projects and the design of a model for evaluation and monitoring, which ensures that it is relevant to the needs and expectations of stakeholders, the U.N. Sustainable Development Goals and

international standards.

Alignment with the Sustainable Development Goals was also defined. Considering that the U.N.'s 2030 Agenda for Sustainable Development<sup>12</sup> recognizes the critical role of the private sector in achieving its goals, Drummond Ltd. joined the practice of prioritizing and communicating its contributions to the SDGs, combining information on its development and sustainability performance in its reporting cycle.

At the same time, the Sustainability Committee was strengthened as a forum for strategic coordination that analyzes and evaluates the impacts and risks arising from the operations in the areas of influence and for all stakeholders, with the aim of guiding the organization toward a sustainable model, aligning the business with global best practices in the mining-energy sector in all areas of the Company. ■



## The “new normal”

In 2020, that path continued under a “new normal.” COVID-19 created a new setting for the Company’s sustainability activities and the incorporation of this sustainable model throughout the business value chain became even more important.

**DURING THE CRISIS,  
PRIORITY WAS GIVEN TO  
INVESTMENTS TO MEET THE  
REGION'S URGENT NEEDS.**

**HEALTH, BIOSECURITY AND**

**HUMANITARIAN AID WERE**

**THE FIRST AREAS OF FOCUS.**

The Sustainability Committee acted as a “Strategic Committee,” meeting daily to carry out an exhaustive monitoring of the risk map and the variations involved in this new crisis scenario for the Company and the world as a whole, without losing its focus on steering the company toward the best practices in the global mining and energy sector. Starting in November, the committee meetings shifted to twice a week.

While crises often force us to stop our work, COVID-19 was an opportunity to continue working and strengthening the Corporate Social Responsibility Department, which led it to create processes for continuous improvement, under which the Social Management System was created and formalized, as a complement to the Company’s environmental management (certified under ISO 14001:2015) and workplace health and safety (certified under ISO 45001:2018) systems.

This implementation led to the Company’s identification of the need to systematize the integrated planning of Drummond Ltd.’s responsible management through the adoption of a process that facilitates the incorporation of the sustainability approach throughout its value chain. Preparation of the Social Management Plan made the Sustain-

ability Policy a reality through the establishment of a tactical framework used to select investment programs and projects in coordination with the pillars defined in the Corporate Social Responsibility Strategy.

The preparation of this plan took into account, on a voluntary basis, the terms of reference applicable to the creation of the social management programs and projects in the execution of the mining projects that were published by the National Mining Agency in June 2019. Additionally, we included international standards and the guide to incorporating social responsibility into business management contained in the ISO 26000 standard, which puts the need to adequately manage relationships with stakeholders at the center of corporate planning.

On this topic, it should be noted that the Company is not contractually obligated to create a Social Management Plan, but it is a corporate decision that demonstrates once again its commitment to going beyond legal responsibilities and, specifically in this case, its commitment to strengthening systematic, ongoing, orderly and comprehensive management of the social risks generated in its operations to adopt good practices.

During 2020, the way the Company operated under its Social Investment Plan was altered by the pandemic. The changes included adjustments in prioritizing both strategic lines of investment and in its alignment with the Sustainable Development Goals. During the crisis, Drummond Ltd. prioritized investments to respond to the region’s urgent needs.



During 2020, the Corporate Social Responsibility Department held a training workshop for employees, where it shared how the company carries out the process for defining and executing the Social Investment Plan, in addition to training them and showing them basic social responsibility and sustainability concepts, and their implementation in the operations. Additionally, as a relationship strategy that makes it possible for internal and external stakeholders to learn about Drummond Ltd.'s sustainability work, and the strengthening of the channels of communication that support continuous improvement processes, the CSR work was communicated in the onboarding process for new Company employees and in meetings with the local authorities, unions and the communities.

The issues of health, biosecurity and humanitarian aid became the first lines of action, followed by a second phase, in which the Company looked ahead and prepared for a safe return to activity. At the same time, the projects continued virtually, strengthening capacities and benefitting the communities and other stakeholders.

Based on the report by the UN entitled "Shared responsibility, global solidarity: Responding to the socio-economic impacts

of COVID-19," March 2020, Drummond Ltd. included SDG 3 on Health and Well-being in its corporate strategy during this time of crisis, as a response to the health emergency and as a vital area of action during its work in 2020.

Although its alignment with the SDGs highlights the Company's commitment to nine of them, in 2020 it added SDG 3, prioritizing contributions to sustainable development as follows:



**THE CRISIS CREATED A SHIFT TO VIRTUAL WORK AND IMPROVING PROCESSES. HOWEVER, THE CORPORATE SOCIAL RESPONSIBILITY STRATEGY REMAINS IN EFFECT AND HAS EVEN BEEN STRENGTHENED FOR ITS FOUR STRATEGIC PILLARS, ITS LINES OF WORK AND ITS ALIGNMENT WITH THE SDGS.**



### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for **human rights**.

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



### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class **environmental performance**.

- Environmental sustainability
- Conservation and restoration



### BUILDING AND STRENGTHENING CAPACITIES

### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the **communities in the area of influence**.

- Education and training
- Creating opportunities
- Work environment



### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and **public administration**.

- Transparency and citizen oversight
- Institutional and community strengthening



### Alignment of the CSR strategy, SDGs and material issues at Drummond Ltd.:



### PEACE AND HUMAN RIGHTS

Human rights due diligence



### ENVIRONMENTAL PERFORMANCE

Water resource management  
Air quality  
Protecting biodiversity



### COMPREHENSIVE DEVELOPMENT

Talent management  
Workplace health and safety  
Relationships with unions  
Relationships with communities  
Supplier and contractor management



### GOVERNANCE FOR DEVELOPMENT

Regional participation and relations  
Resettlement management



The Corporate Social Responsibility Department will continue to implement the strategy, directing its actions at regional productive development; one of the main challenges of this crisis is economic reactivation, and the projects related to this line of work will be vital for the sustainability and viability of the business. Drummond Ltd. is called upon to position itself as an agent of change and strategic ally of the region, leading a process in response to the socio-economic transition and a future beyond mining activity. ■



# International standards and sustainability initiatives

[GRI 102-12]

Drummond Ltd. has signed or voluntarily abides by the following initiatives:

## Bettercoal

Voluntary code that reviews management systems, sustainable performance and impacts, comparing them to the terms of its Code. It works with the Company to improve its practices.



## IFC Performance Standards on Environmental and Social Sustainability

An IFC initiative for corporate commitment to sustainability, with a focus on managing risks and impacts, that provides guides for identifying situations related to sustainability in all phases of a project or investment.



## Mining and Energy Committee

Multi-stakeholder initiative for the promotion, protection and respect for human rights as they relate to security. It is especially linked to the Voluntary Principles on Security and Human Rights.



## Voluntary Principles on Security and Human Rights

Voluntary code of business conduct aimed at facilitating the management of risks related with public and private security in terms of human rights, particularly those derived from operating in areas where illegal armed groups are active.



## Working Group on Human Rights and Coal

Initiative to share experiences, identify replicable lessons and opportunities for improvement. Public policy recommendations are made, human rights and business initiatives for the companies and their operational areas to work on together are promoted.



## Extractive Industries Transparency Initiative (EITI)

Global standard to promote the reporting of an open and responsible management of extractive resources.



## UN Guiding Principles on Business and Human Rights

Behavior and performance parameters related to the responsibility of States to protect, and both States and companies to respect and promote human rights in regards to the impacts of corporate operations.



[GRI 102-13]

Additionally, the Company is a member of five national advancement organizations:



National Association of  
Entrepreneurs  
of Colombia  
**ANDI**



Colombian Mining  
Association  
**ACM**



Colombian Petroleum  
Association  
**ACP**



Council of  
American Companies  
**CEA**



Colombo-American  
Chamber of Commerce  
**AMCHAM Colombia**





# Relationship with stakeholders

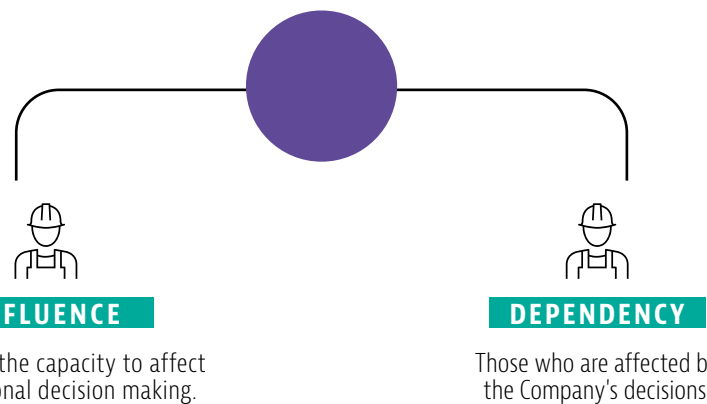
[GRI 102-41]

**DRUMMOND LTD., COMPLYING WITH ALL BIOSECURITY RECOMMENDATIONS ISSUED BY THE NATIONAL GOVERNMENT AND THE WORLD HEALTH ORGANIZATION (WHO) RELATED TO COVID-19, CONTINUES TO PARTICIPATE IN ONGOING DIALOGUE DIRECTLY WITH EMPLOYEES AND UNION ORGANIZATIONS; IT ALSO CONTINUES TO COMPLY WITH THE COMMITMENTS IT MADE IN THE CURRENT COLLECTIVE BARGAINING AGREEMENTS, WHICH BENEFIT 75.19% OF ALL OF OUR EMPLOYEES. ADDITIONALLY, IT IS IMPORTANT TO NOTE THAT 63.86% OF THE COMPANY'S EMPLOYEES ARE UNIONIZED.**

[GRI 102-42]

From the start of its operations in Colombia, Drummond Ltd. took steps to build relationships with the actors present in the area to execute the operational plans and social management in its area of influence. In 2012, the Company conducted the first exercise to identify stakeholders, based on the guidelines and principles of the Global Reporting Initiative (GRI) standard for preparing sustainability reports: stakeholder participation, sustainability context, materiality and completeness. Their mapping was fun-

damentally based on the review and identification of the actors with whom the various areas of the organization maintain relationships that are fundamental for the Company's operations. This identification was also based on an analysis of secondary information, an analysis of industry benchmarks and a press analysis, which allowed Drummond Ltd. to understand which stakeholders should be prioritized, also taking into account their impact on the operation under the criteria of dependency and influence:



Based on this identification, which was conducted exhaustively and has been validated in recent years using the materiality updates, taking into account the specific economic, social and environmental circumstances, the Company recognizes and considers the needs and expectations of its stakeholders to be able to represent a positive impact, working in coordination and generating synergies that promote development and social well-being.

In order to maintain its relationships with stakeholders, the Company, through its Communications Department, promotes the strengthening of these relationships, facilitating direct, transparent, timely and accurate access to the information that the company generates and is in its stakeholders' interest to be aware of. This communications work adds value to the Social Responsibility Strategy, since its goal is to preserve a foundation of trust, which is strengthened not only to be used in the Materiality Analysis and the preparation of the Sustainability

Report, but also to establish true relationships of empowerment, co-management and co-responsibility.

Drummond Ltd. has different channels of communication specifically aimed at stakeholders that are part of its geographic, political and socio-economic environment and the local, national and global markets. Through its channels of communication, the Company informs its stakeholders of the work it is doing related to meeting their expectations and interests.

[GRI 102-40]  
[GRI 102-43]  
[GRI 102-44]

To efficiently manage the issues discussed with each group of stakeholders, the Company prepares a definition using criteria for relevance and pertinence, selecting important issues for each group and appropriate language to facilitate understanding and empathy.

| Topics discussed with each stakeholder group | Employees and families | Suppliers and contractors | Communities | Organizations, community associations | Government | Clients | Share-holders | Competitors | Public opinion |
|--|------------------------|---------------------------|-------------|---------------------------------------|------------|---------|---------------|-------------|----------------|
| Water resource management                    | X                      | X                         | X           |                                       |            |         |               |             |                |
| Air quality                                  | X                      | X                         | X           |                                       |            |         |               |             |                |
| Workplace health and safety                  | X                      | X                         |             |                                       |            |         |               |             |                |
| Economic performance                         | X                      | X                         | X           | X                                     | X          | X       | X             |             |                |
| Human rights due diligence                   | X                      | X                         | X           |                                       | X          |         |               |             |                |
| Talent management                            | X                      |                           |             |                                       |            |         |               |             |                |
| Community relations                          |                        | X                         | X           |                                       |            |         |               |             |                |
| Regional relations                           |                        |                           |             | X                                     | X          |         |               |             |                |
| Resettlements                                |                        |                           | X           |                                       |            |         |               |             |                |
| Communications management                    | X                      | X                         | X           | X                                     | X          | X       | X             | X           | X              |
| Protecting biodiversity                      | X                      | X                         | X           |                                       |            |         |               |             |                |
| Union relations                              | X                      |                           |             |                                       |            |         |               |             |                |
| Supplier and contractor management           |                        | X                         |             |                                       |            |         |               |             |                |



| Mechanisms  | Employees and families | Suppliers and contractors | Communities | Organizations, community associations | Govern-ment | Clients | Share-holders | Competitors | Public opinion |
|---|------------------------|---------------------------|-------------|---------------------------------------|-------------|---------|---------------|-------------|----------------|
| Ongoing dialogue  | X                      | X                         | X           | X                                     | X           | X       | X             | X           | X              |
| 360° chats  | X                      |                           |             |                                       |             |         |               |             |                |
| Policy  |                        |                           | X           | X                                     |             |         |               |             |                |
| Manual  | X                      | X                         | X           | X                                     |             |         |               |             |                |
| Informational meetings  |                        |                           | X           | X                                     |             |         |               |             |                |
| Request letters   |                        |                           |             |                                       | X           |         |               |             |                |
| Training workshops  |                        |                           | X           | X                                     | X           |         |               |             |                |
| Communication of projects   |                        |                           | X           | X                                     |             |         |               |             |                |
| Visits to operations  |                        |                           | X           | X                                     | X           |         |               |             |                |
| Radio program   |                        |                           | X           | X                                     |             |         |               |             |                |
| Sustainability report   | X                      | X                         | X           | X                                     | X           | X       | X             | X           | X              |
| Drummond Te Informa   | X                      | X                         | X           | X                                     | X           |         | X             | X           | X              |
| Newsletter  |                        |                           |             |                                       |             | X       |               |             |                |
| Revista Drummond  | X                      |                           |             |                                       | X           | X       | X             | X           | X              |
| Press releases  | X                      | X                         | X           | X                                     | X           | X       | X             | X           | X              |
| Financial reports   |                        |                           |             |                                       |             |         | X             |             | X              |
| Help Centers  | X                      |                           | X           | X                                     |             |         | X             |             |                |
| Email   | X                      |                           | X           | X                                     |             |         | X             |             |                |
| Complaints<br><a href="mailto:@DrummondLTD.com">@DrummondLTD.com</a>              | X                      |                           |             |                                       |             |         | X             |             |                |
| Website   | X                      | X                         | X           | X                                     | X           |         | X             |             | X              |
| Twitter<br><a href="https://twitter.com/DrummondLtdCo">@DrummondLtdCo</a>         | X                      | X                         | X           | X                                     | X           |         | X             |             | X              |
| Instagram<br><a href="https://www.instagram.com/drummondLtdco">@drummondLtdco</a> | X                      | X                         | X           | X                                     | X           |         | X             |             | X              |
| YouTube<br><a href="https://www.youtube.com/DrummondLtdCo">DrummondLtdCo</a>      | X                      | X                         | X           | X                                     | X           |         | X             |             | X              |
| LinkedIn<br><a href="https://www.linkedin.com/Drummond Ltd.">Drummond Ltd.</a>    | X                      | X                         | X           | X                                     | X           |         | X             |             | X              |
| Facebook<br><a href="https://www.facebook.com/Drummond Ltd.">Drummond Ltd.</a>    | X                      | X                         | X           | X                                     | X           |         | X             |             | X              |

## Updating the materiality analysis

[GRI 102-46]  
[GRI 102-47]

The year 2020 was particularly challenging, not only for the Company, but for humanity in general. We faced an event that changed all of the dynamics of everyday life, both social and environmental, and especially economic.

It forced all companies to rethink their processes, efficiently managing their risks and, to a lesser extent, the opportunities that arose during the year, and this is where sustainability took on special importance.

Since the Company completed a significant materiality analysis in 2018 and revised it in early 2020, for this period, and based on the new dynamics that arose from COVID-19, this analysis was updated, requiring meetings with those

responsible for the topics within the organization and a review of sources that represented the expectations and concerns of stakeholders in the face of the pandemic, maintaining the scope of the mining and port operations.

IT WAS CONCLUDED THAT THE SITUATION CAUSED BY THE PANDEMIC LED TO QUANTITATIVE CHANGES AND, THEREFORE, A CHANGE IN THE ASSESSMENT OF THE MATERIAL ISSUES.

### Inputs for the 2018 materiality analysis:

- GRI standards.
- Materiality report baseline "Update to the 2016 Materiality Analysis."
- Drummond's Corporate Social Responsibility Strategy.
- Human Rights Strategy.
- "Socio-economic study of households in the area of influence of Drummond Colombia's operations," Grupo DIS 2016.
- Report on "Identification, mapping and consultation with relevant stakeholders," Grupo DIS 2016.
- Materiality in the mining sector.
- International standards: Global Compact and standards from the Sustainability Accounting Standards Board (SASB).
- News from Drummond and the mining sector in Colombia.

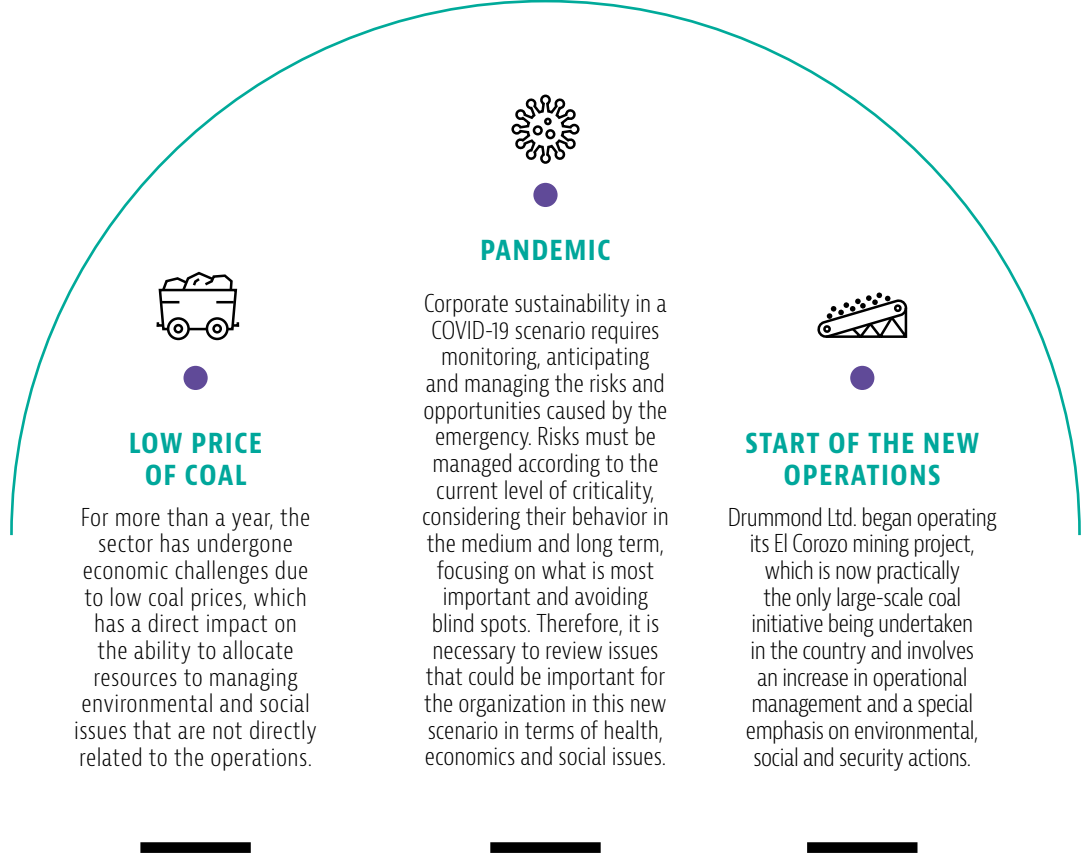
### Inputs for the update for this period:

- Interviews with those responsible for economic, environmental and social matters at the Company.
- Review of sources that represent stakeholder perceptions.





## ASPECTS TAKEN INTO ACCOUNT IN THE MATERIALITY ANALYSIS FOR THIS PERIOD



### LOW PRICE OF COAL

For more than a year, the sector has undergone economic challenges due to low coal prices, which has a direct impact on the ability to allocate resources to managing environmental and social issues that are not directly related to the operations.



### PANDEMIC

Corporate sustainability in a COVID-19 scenario requires monitoring, anticipating and managing the risks and opportunities caused by the emergency. Risks must be managed according to the current level of criticality, considering their behavior in the medium and long term, focusing on what is most important and avoiding blind spots. Therefore, it is necessary to review issues that could be important for the organization in this new scenario in terms of health, economics and social issues.



### START OF THE NEW OPERATIONS

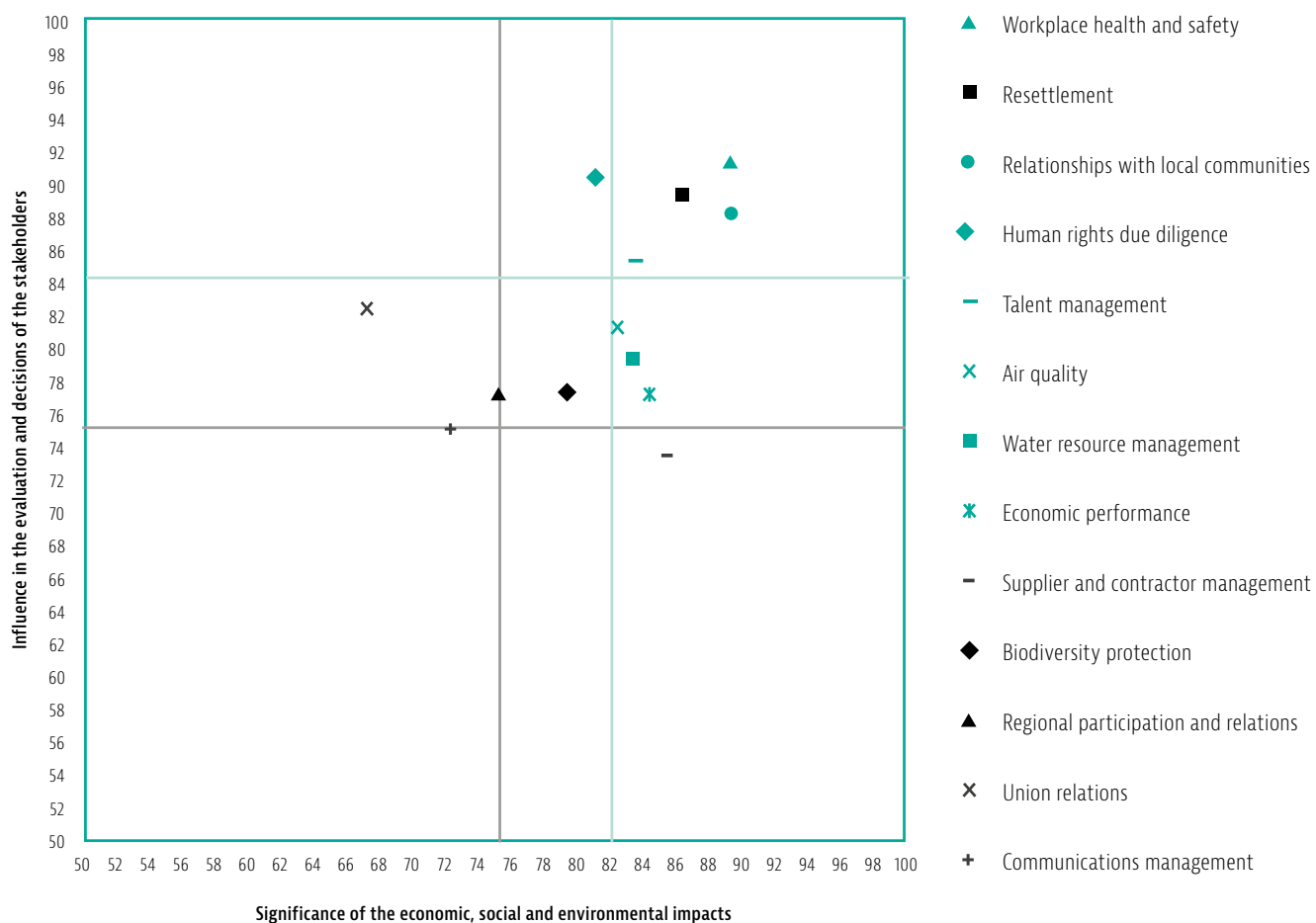
Drummond Ltd. began operating its El Corozo mining project, which is now practically the only large-scale coal initiative being undertaken in the country and involves an increase in operational management and a special emphasis on environmental, social and security actions.





[GRI 102-46]  
[GRI 102-47]

Drummond Ltd. materiality matrix - 2021





| MATERIAL ISSUE                       | DESCRIPTION OF THE ISSUE   | ASSOCIATED GRI ASPECT   |
|--------------------------------------|--|---|
| WORKPLACE HEALTH AND SAFETY          | Programs implemented in order to conduct operations safely, maintaining the comprehensive management system, aimed at protecting and preserving the health and lives of employees.   | Workplace health and safety   |
| RESETTLEMENT                         | Coordinated community relocation and support processes, in accordance with international standards and best practices, aimed at maintaining or improving the living conditions of the resettled populations.   | Resettlement  |
| RELATIONSHIPS WITH LOCAL COMMUNITIES | Programs carried out with the objective of preserving the Company's social license, promoting the social and economic development of the communities located in the area of influence of the projects.   | Local communities<br>Indirect economic impacts<br>Closure planning  |
| HUMAN RIGHTS DUE DILIGENCE           | Policies and practices to promote respect for human rights and prevent any action that could cause their violation in the value chain.   | Non-discrimination<br>Child labor<br>Forced labor<br>Security practices<br>Rights of indigenous peoples<br>Evaluation |
| TALENT MANAGEMENT                    | Actions that are aimed at selecting, training and developing employees who contribute to the sustainability of the business and meeting the objectives set, operating with honesty, integrity and openness in a team-oriented corporate culture.   | Employment<br>Training and education<br>Diversity and equal opportunity<br>Equal pay for men and women                |
| AIR QUALITY                          | Procedures for the prevention, reduction and control of atmospheric emissions and particulate matter in the operations, and for responding to emergency situations, abnormal emissions and dispersion and excess situations, with respect to the standards and measures allowed under air quality criteria, minimizing health impacts. | Emissions (partial non-GHG)   |



| MATERIAL ISSUE                              | DESCRIPTION OF THE ISSUE  | ASSOCIATED GRI ASPECT                                   |
|---|---|---|
| <b>WATER RESOURCE MANAGEMENT</b>            | <p>Methodologies and procedures to identify, evaluate and mitigate the impacts derived from the use of water resources. Implementation of technically and financially viable policies and programs to achieve the efficient and rational use of this resource, including the reuse, recycling and preservation of aquifers.</p>                         | <p>Water</p>  |
| <b>ECONOMIC PERFORMANCE</b>                 | <p>Impacts of the project on the economic situation of its stakeholders as a result of financial capital flows affecting them.</p>  | <p>Economic performance</p>                             |
| <b>SUPPLIER AND CONTRACTOR MANAGEMENT</b>   | <p>Strategies to identify, contract with and evaluate suppliers for the project, in order to maximize positive impacts on the supply chain among stakeholders.</p>  | <p>Supplier environmental assessment</p>                |
| <b>BIODIVERSITY PROTECTION</b>              | <p>Policies and programs focused on effective environmental management in order to protect, preserve, mitigate, restore and compensate for the biodiversity of the affected land and areas of influence of the mine and port, to maintain the value and functionality of priority ecosystems and to increase resource efficiency in the operations.</p> | <p>Biodiversity</p>                                     |
| <b>REGIONAL PARTICIPATION AND RELATIONS</b> | <p>Relationship and partnership actions with national and regional stakeholders, aimed at jointly building and promoting shared visions of the future of the region.</p>  | <p>Public policy</p>                                    |
| <b>UNION RELATIONS</b>                      | <p>Practices to guarantee the free association of workers and response to requests by the existing union organizations in a respectful and harmonious manner.</p>   | <p>Freedom of association and collective bargaining</p> |
| <b>COMMUNICATIONS MANAGEMENT</b>            | <p>Communication actions and strategies to maintain the corporate image and reputation, reporting the company's actions transparently, directly, accurately and at the appropriate time to all of its stakeholders through all of its existing communication channels.</p>  | <p>Communications management</p>                        |



DUE DILIGENCE IN HUMAN RIGHTS

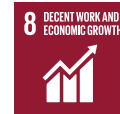
-01-  
PEACE AND

# Human Rights

# Due diligence in human rights





Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its due diligence on human rights, it contributes to:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING

|   |   |
|---|---|
|  <p><b>PEACE AND HUMAN RIGHTS</b></p> <p>Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.</p> <ul style="list-style-type: none"> <li>• Training and promotion</li> <li>• Peace and social dialogue</li> <li>• Coexistence and conflict resolution</li> </ul> |  <p><b>ENVIRONMENTAL PERFORMANCE</b></p> <p>Strengthen business capabilities that ensure world-class environmental performance.</p> <ul style="list-style-type: none"> <li>• Environmental sustainability</li> <li>• Conservation and restoration</li> </ul>                             |
|  <p><b>COMPREHENSIVE DEVELOPMENT</b></p> <p>Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.</p> <ul style="list-style-type: none"> <li>• Education and training</li> <li>• Creating opportunities</li> <li>• Work environment</li> </ul>    |  <p><b>GOVERNANCE FOR DEVELOPMENT</b></p> <p>Strengthen local capacities for greater efficiency in planning and public administration.</p> <ul style="list-style-type: none"> <li>• Transparency and citizen oversight</li> <li>• Institutional and community strengthening</li> </ul> |

## Targets

**Target 8.7:** Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking. Also, contribute to the abolition of all forms of child labor at the Company's various locations and among its stakeholders.

**Target 8.8:** Protect labor rights and promote a decent work environment, with growth opportunities, that is safe and risk-free for all workers.

**Target 16.1:** Significantly reduce all forms of violence and human rights violations at the Company's various locations and among its stakeholders.

**Target 16.2:** Contribute to the abolition of abuse, exploitation, trafficking, torture and all forms of violence against children at the Company's various locations and among its stakeholders.

**Target 16.5:** Promote a culture of legality, to reduce and prevent corruption and bribery in all their forms and ethical, human rights and corporate breaches at the Company's various locations and among its stakeholders.

**Target 16.6:** Participate in and create spaces at all levels of effective and transparent institutions that are accountable

**Target 16.10:** Ensure that all direct employees and contractors of Drummond Ltd. have access to information and training on human rights, to the promotion and to the protection of their fundamental freedoms.



## JOSÉ RAFAEL UNDA BERNAL

CEO OF ARDURA SAS

**"Drummond Ltd. is increasingly committed to having a positive impact in terms of human rights.**

From its work in 2020, we should note at least two things: on the one hand, its handling of the pandemic, which was very demanding on the Company to help control the spread among its employees, their families and the towns where they live, which turned out to be very successful. This is because Drummond Ltd. generated trust among the authorities, the communities and its employees. And on the other hand, its decision to completely review its [human rights] strategy: the risks, its management measures and the people responsible for putting them into practice were reviewed, re-considered and adjusted." ■

**"Drummond Ltd. is increasingly committed to having a positive impact in terms of human rights".**

## Due diligence in human rights

### HUMAN RIGHTS ASSESSMENT

GRI [103-1] GRI[412-1]

For Drummond Ltd., respecting and promoting human rights is based on the recognition that people are the cornerstone of the organization and of society, and it relies on compliance with international rules and standards, as well as corporate policies that promote integrity.

Due diligence at Drummond Ltd. is a critical tool for preventing, managing or mitigating risks and impacts on human rights that may arise in its area of influence, from its operations or third parties related to the company.

The Company systematically reviews compliance with the measures for managing risks to the environment, occupational hazards, workplace health and safety, those related to the right to land, social risks, ethnic minorities, resettlements and risk measures related to private and public security.

The management measures take into account legal obligations and the best voluntary international standards, as presented in the table of risk management instruments and the list of proactive contributions. During 2020, Drummond Ltd. again reviewed the relevance of the risks identified between 2014 and 2016, considered potential new

risks, adjusted the management measures as necessary, and assigned responsibility for ensuring compliance by the company's departments.

In terms of employees and contractors, the human rights agenda has a much faster dynamic than production procedures, since it covers the complexity and entire length of the Company's value chain. The greatest challenge is identified in impacts on the environment and on stakeholders. To address it, Drummond Ltd. takes on the commitment to take the necessary steps to prevent or mitigate any risks that could affect those rights.

In all cases, the tools consider mandatory and voluntary elements, as presented in the table of risk management instruments and the list of proactive contributions, which were reviewed and strengthened this year in response to the pandemic.

**IN ALL CASES, THE TOOLS CONSIDER MANDATORY AND VOLUNTARY ELEMENTS, AS PRESENTED IN THE TABLE OF RISK MANAGEMENT INSTRUMENTS AND THE LIST OF PROACTIVE CONTRIBUTIONS, WHICH WERE REVIEWED AND STRENGTHENED THIS YEAR IN RESPONSE TO THE PANDEMIC.**



TABLE 1.

Risk management instruments



| RISK CATEGORY              | POSSIBLE IMPACT                                      | MANAGEMENT APPROACH<br>GRI [103-2]  | MECHANISMS FOR EVALUATING THE APPROACH<br>GRI [103-3]  |
|----------------------------|--|---|--|
| GENERAL HUMAN RIGHTS RISKS | Violations of labor and OSH rights                   | <ul style="list-style-type: none"> <li>· Ensure compliance with legal provisions on OSH.</li> <li>· Certify the Company under ISO 45000.</li> <li>· Ensure that contractors comply with the legal provisions on OSH y and Drummond Ltd's requirements</li> <li>· Conduct and attend periodic labor and OSH audits.</li> <li>· Receive verifications from independent third parties.</li> <li>· Carry out OSH prevention programs.</li> <li>· Talk regularly and systematically with employees and contractors.</li> <li>· Communicate the work being done.</li> <li>· Publicize the complaints channel.</li> <li>· Align the complaints system with U.N. Guiding Principle #31.</li> </ul>  | <ul style="list-style-type: none"> <li>· Compliance with management methods included in the risk matrices related to human rights</li> <li>· Inclusion of the subject in the regular audit plans.</li> </ul>   |
|                            | Impact on the environment and the social environment | <ul style="list-style-type: none"> <li>· Ensure compliance with environmental licenses and permits.</li> <li>· Maintain ISO 14000 certification.</li> <li>· Ensure preparedness for response to environmental emergencies.</li> <li>· Receive verifications by independent third parties.</li> <li>· Ensure the implementation of the mine closure plans.</li> <li>· Ensure compliance with the mutual aid plan.</li> <li>· Ensure compliance with environmental agreements signed with the State.</li> <li>· Talk regularly and systematically with stakeholders.</li> <li>· Promote community participation in environmental monitoring.</li> <li>· Align the complaints system with U.N. Guiding Principle #31.</li> <li>· Ensure that contractors adopt environmental management systems that meet Drummond Ltd's requirements</li> <li>· Raise awareness among employees and contractors about respect for the communities.</li> <li>· Manage the public health risk.</li> <li>· Monitor impacts.</li> <li>· Collaborate with the State to improve its presence in the area of influence.</li> </ul> | <ul style="list-style-type: none"> <li>· Indicators of compliance with the management methods included in the risk matrices related to human rights.</li> <li>· Independent audits by clients and organizations such as Bettercoal.</li> <li>· Support in understanding and managing the effects of the pandemic on stakeholders.</li> </ul> |
|                            | Impacts on the rights of ethnic groups               | <ul style="list-style-type: none"> <li>· Diligently identify risks that could affect ethnic groups.</li> <li>· Respectfully dialogue with ethnic groups.</li> <li>· Respectful and responsible Prior Consultation processes.</li> <li>· Strictly comply with the agreements signed in Prior Consultations.</li> <li>· Support the draft law regulating Prior Consultations.</li> <li>· Study the jurisprudence of Prior Consultations.</li> <li>· Align the complaints system with U.N. Guiding Principle #31.</li> </ul>   | <ul style="list-style-type: none"> <li>· Indicators of compliance with the management methods included in the risk matrices related to human rights</li> <li>· Legal control procedures implemented through management processes related to ethnic groups.</li> </ul>  |





| RISK CATEGORY                                 | POSSIBLE IMPACT  | MANAGEMENT APPROACH<br>GRI [103-2]  | MECHANISMS FOR EVALUATING THE APPROACH<br>GRI [103-3]   |
|---|--|---|---|
|   | Poorly-managed resettlements   | <ul style="list-style-type: none"> <li>Establish constructive relationships with the communities and authorities.</li> <li>Ensure fulfillment of the commitments assumed by the Company.</li> <li>Ensure compliance with the International Finance Corporation's Performance Standards for resettlements.</li> <li>Align the complaints system with U.N. Guiding Principle #31.</li> </ul>  | <ul style="list-style-type: none"> <li>Indicators of compliance with the management methods included in the risk matrices related to human rights</li> <li>Strengthening and monitoring of the channel for reporting events and concerns by the community.</li> </ul> |
|   | Acquisition of rights to properties that have been subject to dispossession or forced abandonment                      | <ul style="list-style-type: none"> <li>Ensure acquisition processes remain in accordance with the law.</li> <li>Adopt the recommendations of the Human Rights and Coal Working Group for the acquisition of real estate rights in properties that could be subject to dispossession.</li> <li>Align the complaints system with U.N. Guiding Principle #31.</li> </ul>   | <ul style="list-style-type: none"> <li>Implementation of due diligence and legal control procedures within acquisition processes.</li> </ul>  |
| HUMAN RIGHTS RISKS RELATED TO PHYSICAL SAFETY | Violation of human rights or IHL by the armed forces, contractors, employees or third parties in the area of influence | <ul style="list-style-type: none"> <li>Systematically dialogue with key stakeholders about security-related human rights risks.</li> <li>Prepare cooperation agreements with the armed forces in accordance with the Ministry of Defense's Agreement Manual.</li> <li>Ensure understanding of the Mining and Energy Committee on Security and Human Rights' recommendations and adopt them progressively.</li> <li>Align the complaints system with U.N. Guiding Principle #31.</li> <li>Implement the "Rules for the use of force" developed by Drummond Ltd. in 2019.</li> <li>Act with diligence when information is received about threats to the life or integrity of stakeholders using the protocol recommended by the Human Rights and Coal Working Group.</li> <li>Renew commitment to the Human Rights Policy by all employees and contractors in the Security Department</li> <li>Apply the Blockade Risk Management protocol prepared by Drummond Ltd. in 2019.</li> <li>Refrain from providing concrete military aid to the armed forces.</li> </ul> | <ul style="list-style-type: none"> <li>Indicators of compliance with the management methods included in the risk matrices related to human rights</li> <li>Strengthening and monitoring of the channel for reporting events and concerns by the community.</li> </ul> |



FIGURE 9.  
Proactive contributions to exercising human rights



**Opportunities**  
for dialogue with audiences of regional and national interest.



**Contribution**  
to improving access to education.



**Develop**  
security activities for employees, infrastructure and assets, as well as the residents of the areas of operation, in a framework of respect for human rights.



**Trust-building**  
opportunities to prevent conflict and promote agreements.



**Contribution**  
to peace through training programs on values and actions that promote repairing the social fabric.



**Voluntary**  
social investments to strengthen institutions and manage the effects of the pandemic.



**Participation**  
in multi-actor spaces, such as the Human Rights and Coal Working Group, and the Mining and Energy Committee (MEC) for Security and Human Rights.



**Local**  
purchasing and contracting to energize other sectors and mitigate the employability problems caused by the pandemic.



**Strengthening**  
infrastructure for healthcare services, with a special focus on needs arising from the pandemic.

### CASES OF DISCRIMINATION, CHILD LABOR AND FORCED LABOR

Drummond Ltd. categorically prohibits any type of activity, situation and/or scenario related to child labor, discrimination or forced labor. This is reaffirmed through the acceptance of the laws, norms, principles and agreements

established in Colombia and internationally, and within the Company with the establishment of corporate policies on Human Resources, Selection and Recruitment and the Code of Conduct,<sup>13</sup> which prevent and manage any related cases.

13. <https://www.drummondLtd.com/about-us/our-commitment/?lang=en>

GRI[406-1] GRI[408-1] GRI[409-1]

**During 2020, Drummond Ltd. did not identify any cases of discrimination, child labor or forced labor through the formal channels for receiving information (Community Attention System) and the Complaints Channel.**

TABLE 2.  
Preventive actions taken by Drummond Ltd.

| CONTENT                              | PREVENTIVE ACTIONS TAKEN BY DRUMMOND LTD.   |
|--------------------------------------|---|
| <b>DISCRIMINATION</b><br>GRI [406-1] | <ul style="list-style-type: none"> <li>· The Company has Human Resources and Selection and Recruitment Policies<sup>14</sup> and the Code of Conduct, which state its position on the risk of discrimination and also communicate the mechanisms for identifying possible situations and determine the protocols to be followed.</li> <li>· Drummond Ltd. has different channels in its Community Attention System (CAS) that can be used to report situations of discrimination.<sup>15</sup> It currently has: Complaints Channel, Ethics Hotline, Coexistence Committees at all locations to respond to any case that any employee may file.</li> </ul>  |
| <b>CHILD LABOR</b><br>GRI [408-1]    | <ul style="list-style-type: none"> <li>· Hiring processes do not allow for the employment of minors.</li> <li>· Drummond Ltd. has a Community Attention System,<sup>16</sup> through which stakeholders can report any case associated with child labor.</li> <li>· There are security checkpoints where access is limited for those people who do not have a citizenship identification card; this makes it possible to restrict access by minors to the operations.</li> <li>· Contractors are required, through the terms of their contracts, to prohibit any type of labor agreement with minors.</li> <li>· Preventive controls are implemented to identify cases of child labor; for example, there are random inspections of payments to social security and to contractors. Additional controls include audits, information sessions on Drummond Ltd.'s policies and specific clauses about this issue in contracts.</li> </ul> |
| <b>FORCED LABOR</b><br>GRI [409-1]   | <ul style="list-style-type: none"> <li>· Drummond Ltd. conducts audits of its contractors that evaluate different aspects, including compliance with:                         <ul style="list-style-type: none"> <li>· Recruitment processes</li> <li>· Compensation policies</li> <li>· Working hours and shift rotations</li> <li>· Social security contributions</li> </ul> </li> </ul>  |

14. <https://www.drummondLtd.com/about-us/our-commitment/?lang=en>

15. <https://www.drummondLtd.com/contact-us/?lang=en>

16. <https://www.drummondLtd.com/contact-us/?lang=en>





### HUMAN RIGHTS IN SECURITY MANAGEMENT

GRI [410-1]

Drummond Ltd.'s Security Department has a training program that covers 100% of the security staff, employed directly and by third parties, who have received training on the organization's policies and on specific procedures rela-

ted to human rights and their application to security.

These training sessions were carried out to cover all members of the department. The topics addressed were:

FIGURE 10.  
Topics of communications in 2020 related to human rights



Drummond Ltd.  
Human Rights Policy



Rules procedure for the use  
of force at Drummond Ltd.



United Nations  
Guiding Principles



Voluntary Principles on  
Security and Human Rights



Human Rights



Universal Declaration  
of Human Rights

### ADDITIONALLY, THE THREE COMPANIES THAT PROVIDE SURVEILLANCE AND PRIVATE SECURITY SERVICES ARE FULLY ALIGNED WITH DRUMMOND LTD.'S HUMAN RIGHTS POLICY.

The goal for these companies on this topic is to share international documents on the responsible provision of private security services as standards of conduct, to preserve an effective and transparent framework for internal management.

From a security perspective, Drummond Ltd. conducts human rights risk assessments that cover its coal extraction and transportation components and are mainly based on the study of the general characteristics of the area around the mining operations, on the identification, analysis and evaluation of threats by OAG or PTS (Organized Armed Groups or Persistent Threat Systems) in the securi-

ty processes conducted by the national government, in the current legislation, and in coordination, liaison and informational meetings with the armed forces.

Security at Drummond Ltd. not only focuses on direct threats as a consequence of the mining operations, but now it also covers a broader concept of security that addresses the causes and structural conditions that can lead to potential human rights violations, which guarantees their security and protection through the presence and effective coordination with the armed forces to prevent and manage these possible risks.

## EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES AND PROCEDURES

GRI [412-2]

During 2020, and as a result of the situation caused by COVID-19, training sessions were held virtually, so the coverage of employees and, therefore, the number of training hours increased. Ad-

ditionally, in line with Drummond Ltd.'s work related to promoting human rights, below are the figures from the training sessions that the Company held:

TABLE 3.  
Training sessions on issues related to human rights

| TOPIC   | 2016   | 2017  | 2018   | 2019  | 2020   |
|---|--------|-------|--------|-------|--------|
| Total hours of employee training on policies, procedures and aspects related to human rights relevant to the operations.      | 2,345  | 8,190 | 74     | 0     | 2,006  |
| Total hours of training for security personnel on policies and procedures related to human rights relevant to the operations. | 50     | 55    | 219    | 419   | 352    |
| Employees trained on policies and procedures related to human rights.   | 35     | 4,095 | 357    | 0     | 1,237  |
| Percentage of employees trained on policies, procedures and aspects related to human rights that are relevant to the Company. | 0.71 % | 81 %  | 6.91 % | 0 %   | 24.5 % |
| Percentage of security personnel trained on policies and procedures related to human rights that are relevant to the Company. | 100 %  | 100 % | 100 %  | 100 % | 100 %  |

## SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS WITH HUMAN RIGHTS CLAUSES OR SUBJECT TO HUMAN RIGHTS ASSESSMENTS

GRI [412-3]

Drummond Ltd. manages, from the Company's Contracts Department, the provision of goods and services that are essential for the operation; generally, significant investment agreements are worth more than US \$50,000 per year. During 2020, there were 150 significant

investment contracts and agreements signed by the Company, equivalent to 84% of all contracts, which include clauses on human rights or have been subject to evaluation on this topic. This figure has increased by 25, equivalent to 20 percentage points, as compared to 2019.

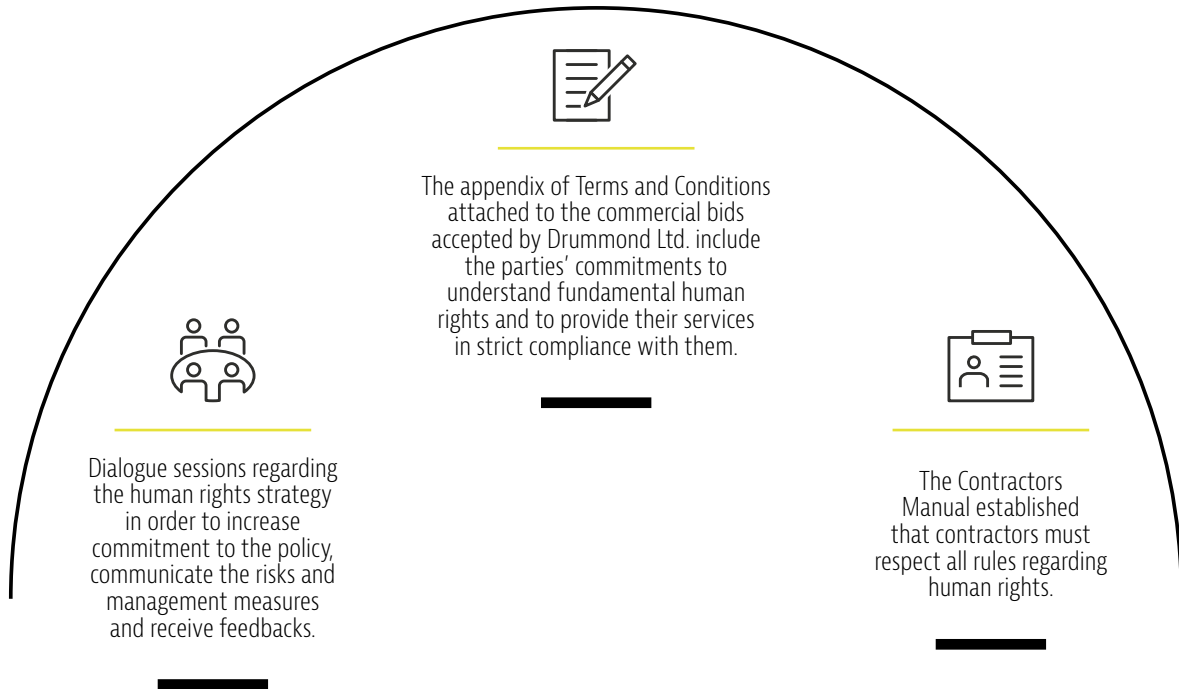
During 2020, there were 150 significant investment contracts and agreements signed by the Company, equivalent to

**84 %**

of all contracts, which include clauses on human rights or have been subject to evaluation on this topic.



The measures for promoting and disseminating information on human rights to stakeholders, especially to contractors and suppliers, include:



## Milestones

- |  |   |   |
|--|---|---|
| <ol style="list-style-type: none"> <li>1. Drummond Ltd.'s Risk Matrix and management mechanisms were updated from different points of view: organizational security, reputational, environmental and other risks.</li> <li>2. The contractor assessment was changed to take into account gender equality and support for the areas of influence of the operation.</li> </ol> | <ol style="list-style-type: none"> <li>3. The opportunities to meet and the implementation of agreements from the multi-actor skill-building program CREER-IHRB were strengthened. This initiative was created to promote and facilitate dialogue between civil society, business and local, regional and national institutions, with the goal of building trust in Cesar.<sup>17</sup></li> <li>4. 65 contractors participated in the 6th Drummond/Contractor dialogue on human rights in 2020.</li> </ol> | <ol style="list-style-type: none"> <li>5. The planning and distribution of responsibilities in the collaboration agreements with the armed forces was improved, assigning and prioritizing resources for the units deployed in the mining corridor, taking into account their ability to influence management of the risks that were identified, either directly or by working together.</li> </ol> |
|--|---|---|

## Challenges 2021

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Reinforce the training for officials on managing human rights risks amid the difficulties of the COVID-19 pandemic.</li> <li>2. Hold talks with the communities and local authorities about human rights in the midst of the pandemic.</li> </ol> | <ol style="list-style-type: none"> <li>3. Conduct contractor evaluations, taking into account the new parameters included.</li> <li>4. Build management indicators to monitor the performance of private security contractors throughout the Company.</li> </ol> |
|---|--|



<sup>17</sup> initiative coordinated by the Regional Center for Responsible Business and Entrepreneurship (CREER), representative in Colombia of the Institute for Human Rights and Business (IHRB) of the United Kingdom, with the support of the Embassy of the Netherlands. Through this, Drummond Ltd. maintains community dialogue and rapprochement with the communities, improving the understanding and relationship between the Company and the department's civil society.



COMPREHENSIVE DEVELOPMENT



-02-

COMPREHENSIVE

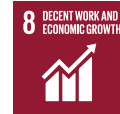
**DEVELOPMENT**



# Talent management

Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its talent management it contributes to :

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING



#### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.

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



#### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.

- Environmental sustainability
- Conservation and restoration



#### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.

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



#### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.

- Transparency and citizen oversight
- Institutional and community strengthening

## Targets

**Target 4.4:** Substantially increase the number of youth and adults who have relevant skills, particularly technical and professional skills, for employment, decent jobs and entrepreneurship.

**Target 8.5:** Achieve full and productive employment and decent work for all men and women, including youth and people with disabilities, as well as equal pay for work of equal value.

**Target 8.6:** Reduce the proportion of young people who are not in employment, education or training in the communities in the area of influence.

**Target 8.8:** Protect labor rights and promote decent working environments, with growth opportunities, that are safe and secure for all workers.



## ELIANA CRISTINA DÍAZ DE LA HOZ

SENIOR MINING  
PLANNING ENGINEER

**"A contingency plan was designed** with the aim of resuming operations effectively and gradually, in a short amount of time, but seeking to minimize the risk of employee exposure. The goal, and what actually happened, was to have the minimum number of employees necessary in the mine facilities to reactive the operations, along with the implementation of the biosafety protocols and measures to ensure everyone's safety.

In addition to noting that everyone's jobs were maintained, it is also worth highlighting that most employees could work remotely thanks to the response capacity of our IT department, which made it possible, in order of priority, for each person to be set up to work from outside the office and with their work teams." ■

# Talent management

[GRI 103-1]

One of the most important stakeholder groups for Drummond Ltd. is its employees. The steps the Company takes with its human talent ensures that its goals and objectives are achieved, and that organizational standards are fulfilled.

Drummond Ltd. provides its employees with the opportunity for professional development through opportunities for growth, training and education sessions, within the framework of an organizational culture that promotes equity, respect, transparency and integrity.

Good human resources management brings growth and effective development of the Company, and a healthy work environment that promotes productivity and teamwork. It also ensures a workforce with high professional and ethical standards with competencies, knowledge, skills and behaviors in accordance with institutional principles and values.

**DRUMMOND LTD. PROVIDES ITS EMPLOYEES WITH THE OPPORTUNITY FOR PROFESSIONAL DEVELOPMENT THROUGH OPPORTUNITIES FOR GROWTH, TRAINING AND EDUCATION SESSIONS.**

[GRI 103-2]

**At Drummond Ltd. this material issue is managed by establishing and complying with guidelines for each of the processes established by the Human Resources Department.**




These guidelines translate into Human Resources, Salary and Recruitment and Hiring corporate policies<sup>18</sup> and the Employee Manual. Compliance with these guidelines makes it possible to manage human talent efficiently and, therefore,

reduce staff turnover and maintain learning curves, provide opportunities for growth and offer an environment with work-life balance for employees.

The Company's Human Resources Department manages the workforce through three main areas of focus that meet the guidelines established in its policies:

18. <https://www.drummondLtd.com/about-us/our-commitment/?lang=en>

TABLE 4.  
Focuses and objectives for managing human capital

|   | Focus   | Objective   |
|---|---|---|
|  Recruitment and hiring    | One of the guidelines of the recruitment and hiring process is to give priority to local talent that fits the profiles for the position.  | To hire the right personnel, with high professional and ethical standards, who can rise to the organizational challenges and adapt to the dynamic of the employment relationship. |
|  Compensation and benefits | Drummond Ltd. wants to be an attractive employer and has designed a compensation plan to attract and retain the right talent for its corporate strategy. The benefits that the Company offers include education, healthcare, housing, savings plan, recreation and well-being programs, among others, for employees and their families. | To generate well-being and quality of life for our employees and their families.  |
|  Labor relations           | The Company offers different programs and opportunities that foster organizational skills for effective communication, trust building and a focus on health, safety and the environment.  | To promote a work environment based on values such as respect, communication and tolerance, among others, that are fostered through employees' soft and technical skills.         |



At the end of 2020, the Company had a team of

**5,039**  
direct employees

[GRI 103-3]

At Drummond Ltd. continuous improvement is essential; for this reason, it has an Internal Audit Department, which is responsible for conducting tests to detect and identify processes that can

be improved, making it possible to strengthen internal controls and manage the risks associated with sustainability and inherent in the operation.

[GRI 405-1]

At the end of 2020, the Company had a team of 5,039 direct employees for the mining, port and administrative operations in the cities of Bogota, Valledupar and Cartagena:

[GRI 405-1]

Diversity of governance bodies and employees

TABLE 5.  
Classification of employees by age and job level

|   | Operations   |           | Assistance |           | Professional |           | Tactical  |          | Strategic  |          |
|---|--------------|-----------|------------|-----------|--------------|-----------|-----------|----------|------------|----------|
|   |              |           |            |           |              |           |           |          |            |          |
| Employees under the age of 30           | 380          | 4         | 42         | 14        | 44           | 8         | 0         | 0        | 0          | 0        |
| Employees between the ages of 30 and 40 | 1,312        | 20        | 81         | 18        | 252          | 46        | 13        | 0        | 6          | 0        |
| Employees between the ages of 40 and 50 | 1,104        | 16        | 31         | 5         | 281          | 30        | 39        | 6        | 32         | 2        |
| Employees over the age of 50            | 901          | 4         | 12         | 5         | 214          | 14        | 31        | 3        | 64         | 5        |
| <b>Total employees in 2020</b>          | <b>3,697</b> | <b>44</b> | <b>166</b> | <b>42</b> | <b>791</b>   | <b>98</b> | <b>83</b> | <b>9</b> | <b>102</b> | <b>7</b> |



GRAPHIC 11.  
Classification of employees by age and job level

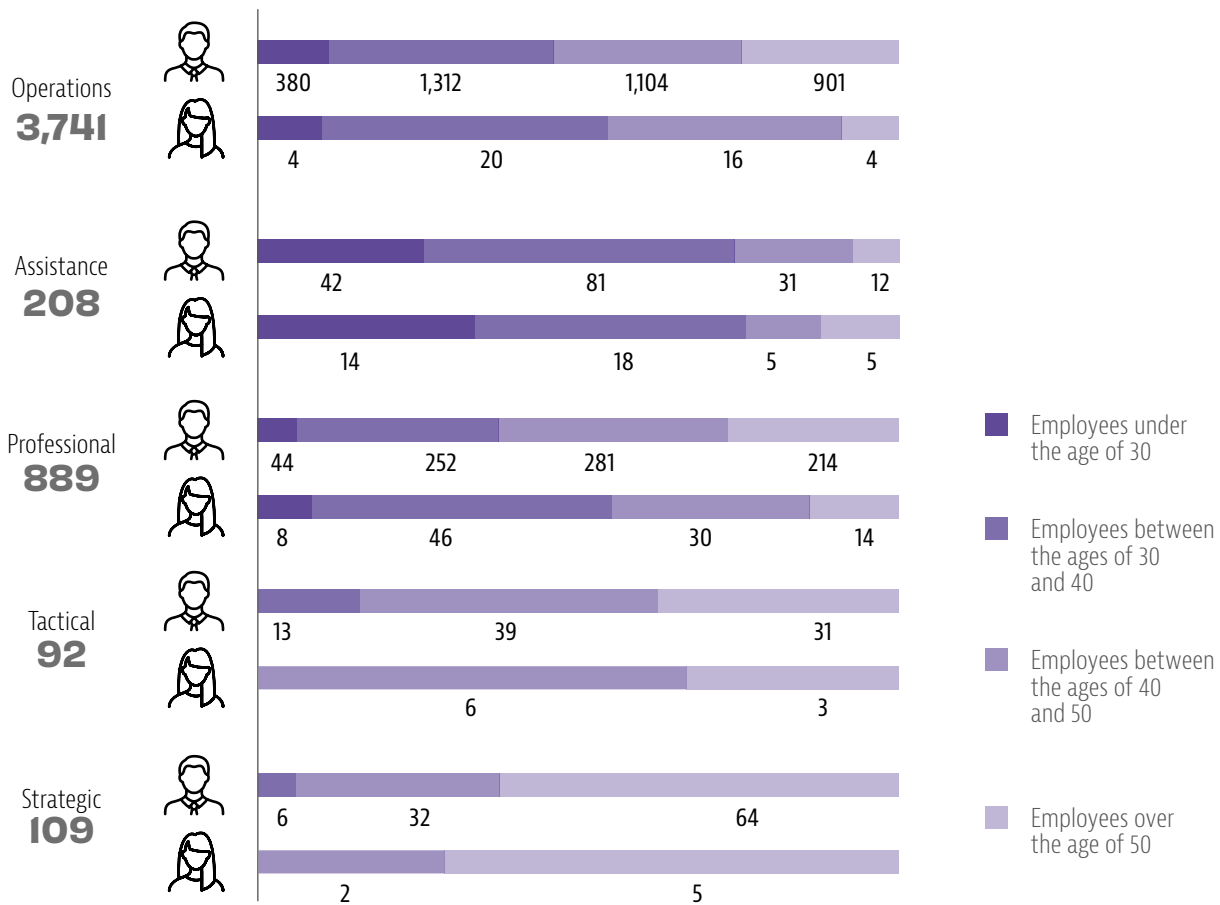




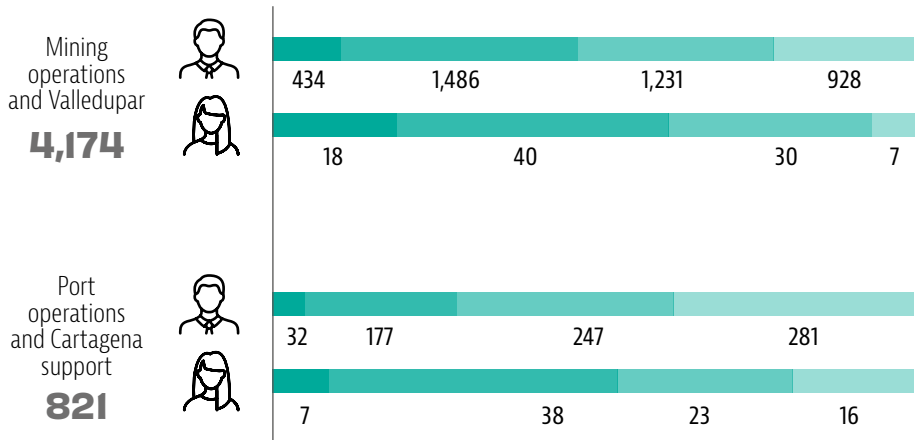








TABLE 6.  
Employees by age, gender and operation

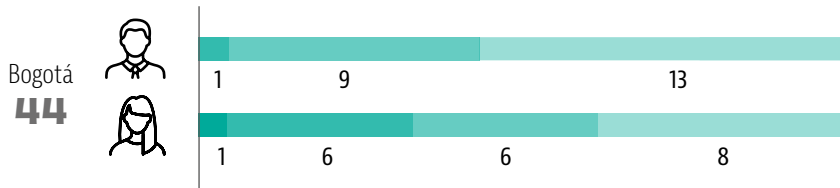
|   | Mining operations and Valledupar  |   | Port operations and Cartagena support   |   |
|---|---|---|---|---|
|   |  |  |  |  |
| Employees under the age of 30           | 434   | 18  | 32  | 7   |
| Employees between the ages of 30 and 40 | 1,486   | 40  | 177   | 38  |
| Employees between the ages of 40 and 50 | 1,231   | 30  | 247   | 23  |
| Employees over the age of 50            | 928   | 7   | 281   | 16  |
| <b>Total employees by age</b>           | <b>4,079</b>  | <b>95</b>   | <b>737</b>  | <b>84</b>   |

GRAPHIC 12.  
Employees by age, gender and operation



**THE WORK THAT DRUMMOND LTD. CARRIES OUT WITH ITS HUMAN TALENT ENSURES THE ACHIEVEMENT OF ITS GOALS AND OBJECTIVES, AS WELL AS COMPLIANCE WITH ORGANIZATIONAL STANDARDS.**

| Bogotá  |   | TOTAL   |   |
|---|---|---|---|
|  |  |  |  |
| 0   | 1   | 466   | 26  |
| 1   | 6   | 1,664   | 84  |
| 9   | 6   | 1,487   | 59  |
| 13  | 8   | 1,222   | 31  |
| <b>23</b>   | <b>21</b>   | <b>4,839</b>  | <b>200</b>  |







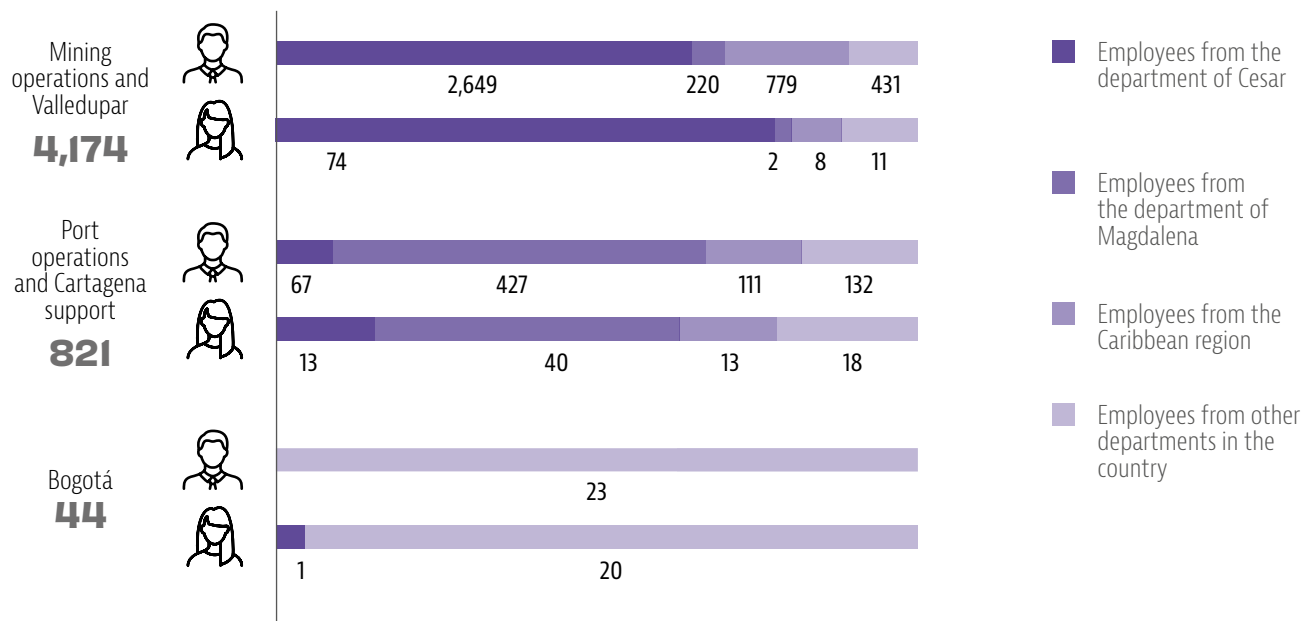
-  Employees under the age of 30
-  Employees between the ages of 40 and 50
-  Employees between the ages of 30 and 40
-  Employees over the age of 50



TABLE 7.  
Employees by region, gender and operation

|   | Mining operations and Valledupar |           | Port operations and Cartagena support |           | Bogotá    |           | TOTAL        |            |
|---|----------------------------------|-----------|---------------------------------------|-----------|-----------|-----------|--------------|------------|
|   |                                  |           |                                       |           |           |           |              |            |
| Employees from the department of Cesar          | 2,649                            | 74        | 67                                    | 13        | 0         | 1         | <b>2,716</b> | <b>88</b>  |
| Employees from the department of Magdalena      | 220                              | 2         | 427                                   | 40        | 0         | 0         | <b>647</b>   | <b>42</b>  |
| Employees from the Caribbean region             | 779                              | 8         | 111                                   | 13        | 0         | 0         | <b>890</b>   | <b>21</b>  |
| Employees from other departments in the country | 431                              | 11        | 132                                   | 18        | 23        | 20        | <b>586</b>   | <b>49</b>  |
| <b>Total empleados por región</b>               | <b>4,079</b>                     | <b>95</b> | <b>737</b>                            | <b>84</b> | <b>23</b> | <b>21</b> | <b>4,839</b> | <b>200</b> |

GRAPHIC 13.  
Employees by region, gender and operation











[GRI 401-1]

Operating from different locations provides Drummond Ltd. with a wide demographic variety, which enriches its areas of operation; brings with it diversity and collaborative openness, and effectively contributes to the well-being of employees and the sustainable development of the organization:

TABLE 8.  
New hires by age, gender and operation<sup>19</sup>

|   | Mining operations and Valledupar  |   | Port operations and Cartagena support   |   | TOTAL   |   |
|---|---|---|---|---|---|---|
|   |  |  |  |  |  |  |
| New hires under the age of 30           | 6   | 2   | 1   | -   | 7   | 2   |
| New hires between the ages of 30 and 40 | 7   | 1   | 1   | -   | 8   | 1   |
| New hires between the ages of 40 and 50 | 3   | 1   | -   | -   | 3   | 1   |
| New hires over the age of 50            | 2   | -   | -   | -   | 2   | 0   |
| <b>Total</b>                            | <b>18</b>   | <b>4</b>  | <b>2</b>  | <b>0</b>  | <b>20</b>   | <b>4</b>  |

GRAPHIC 14.  
New hires by age, gender and operation<sup>20</sup>

Complying with corporate policies makes it possible to manage the Company's human talent efficiently and thereby reduce staff turnover and maintain learning curves, provide opportunities for growth and offer an environment with work-life balance for employees.









19. There were no new hires at the operation in Bogotá.

20. There were no new hires at the operation in Bogotá.



TABLE 9.  
New hires by region, gender and operation<sup>21</sup>

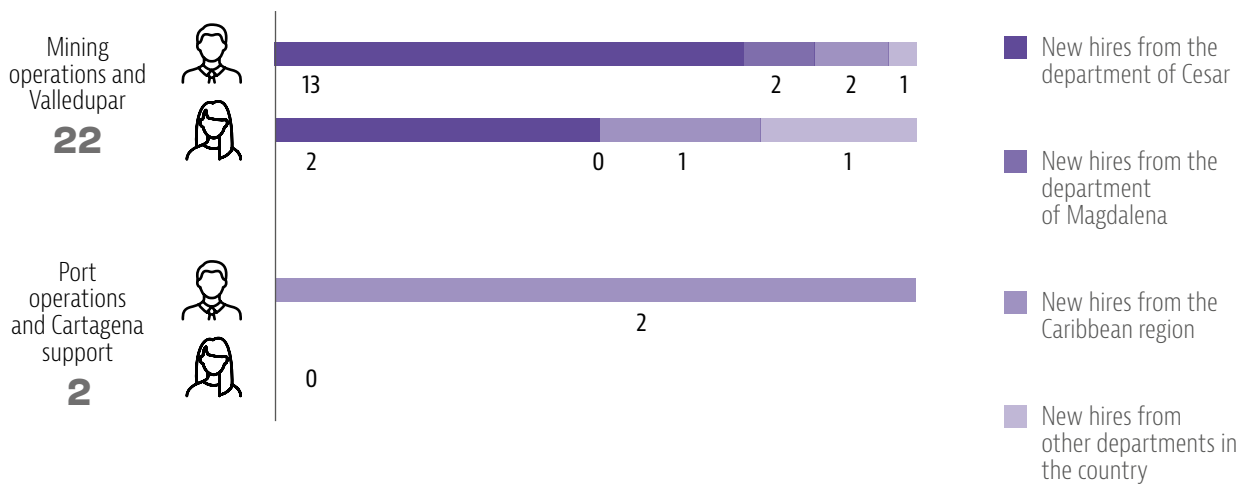
|   | Mining operations and Valledupar  |  | Port operations and Cartagena support   |   | TOTAL   |   |
|---|---|--|---|---|---|---|
|   |  |  |  |  |  |  |
| New hires from the department of Cesar          | 13  | 2  | -   | -   | 13  | 2   |
| New hires from the department of Magdalena      | 2   | -  | 2   | -   | 4   | 0   |
| New hires from the Caribbean region             | 2   | 1  | -   | -   | 2   | 1   |
| New hires from other departments in the country | 1   | 1  | -   | -   | 1   | 1   |
| <b>Total new hires by region</b>                | <b>18</b>   | <b>4</b>   | <b>2</b>  | <b>0</b>  | <b>20</b>   | <b>4</b>  |

<sup>21</sup>. There were no new hires at the operation in Bogotá.



**THE PERSONNEL SELECTION AND HIRING PROCESS AT DRUMMOND LTD. INCLUDES GUIDELINES THAT GIVE PRIORITY TO LOCAL APPLICANTS WHO MEET THE REQUIREMENTS FOR THE POSITION.**

GRAPHIC 15.  
New hires by region, gender and operation<sup>22</sup>



22. There were no new hires at the operation in Bogotá.



TABLE 10.  
Employee separations by age, gender and operation

















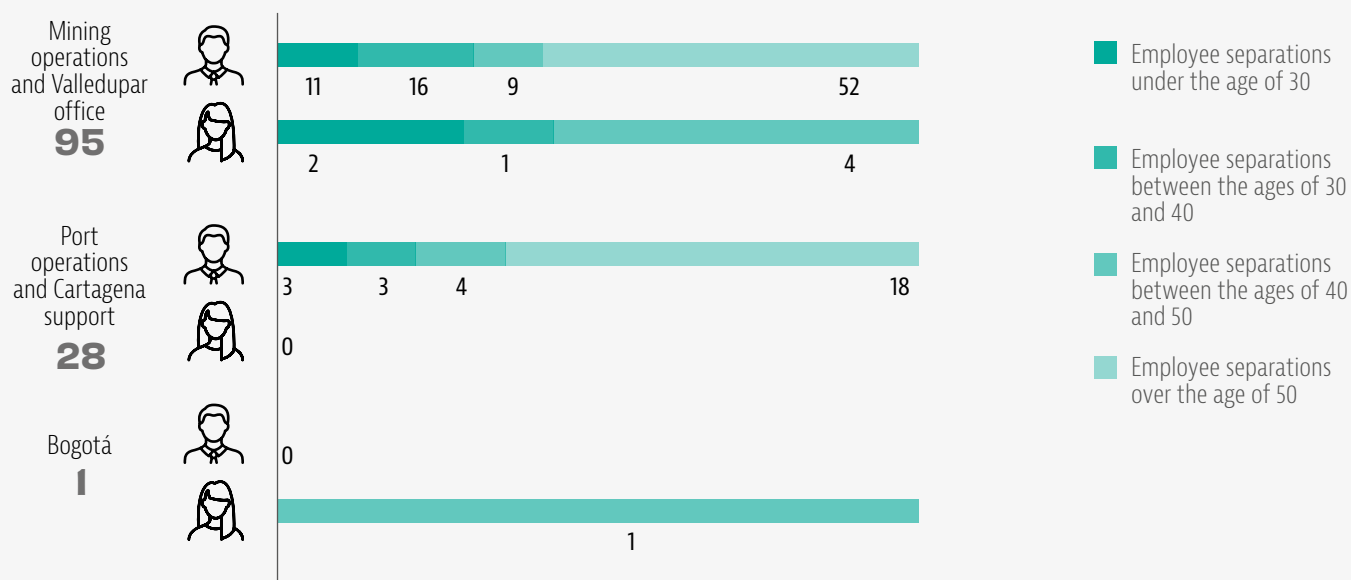
|  | Mining operations and Valledupar office   |   | Port operations and Cartagena support   |  | Bogotá  |   | TOTAL   |   |
|--|---|---|---|--|---|---|---|---|
|  |  |  |  |  |  |  |  |  |
| Employee separations under the age of 30           | 11  | 2   | 3   | -  | -   | -   | 14  | 2   |
| Employee separations between the ages of 30 and 40 | 16  | 1   | 3   | -  | -   | 1   | 19  | 2   |
| Employee separations between the ages of 40 and 50 | 9   | 4   | 4   | -  | -   | -   | 13  | 4   |
| Employee separations over the age of 50            | 52  | -   | 18  | -  | -   | -   | 70  | 0   |
| <b>Total employee separations</b>                  | <b>88</b>   | <b>7</b>  | <b>28</b>   | <b>-</b>   | <b>-</b>  | <b>1</b>  | <b>116</b>  | <b>8</b>  |

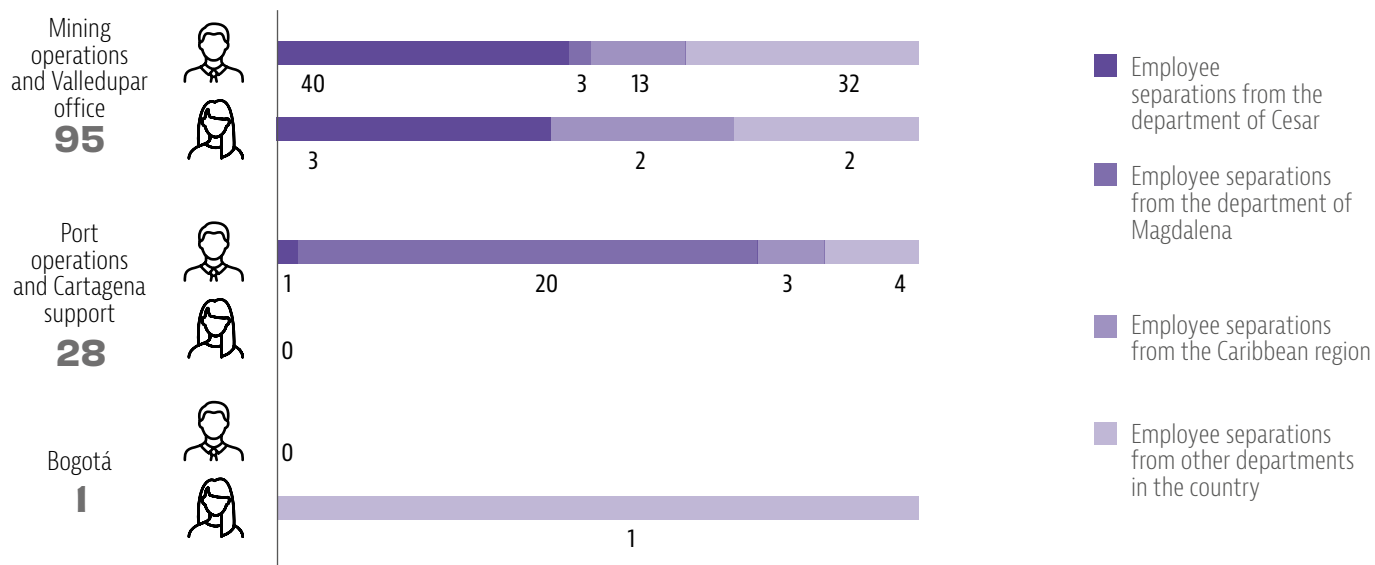
TABLE 11.  
Employee separations by age range, gender and operation

|  | Mining operations and Valledupar office   |   | Port operations and Cartagena support   |  | Bogotá  |   | TOTAL   |   |
|--|---|---|---|--|---|---|---|---|
|  |  |  |  |  |  |  |  |  |
| Employee separations from the department of Cesar          | 40  | 3   | 1   | -  | -   | -   | 41  | 3   |
| Employee separations from the department of Magdalena      | 3   | -   | 20  | -  | -   | -   | 23  | 0   |
| Employee separations from the Caribbean region             | 13  | 2   | 3   | -  | -   | -   | 16  | 2   |
| Employee separations from other departments in the country | 32  | 2   | 4   | -  | -   | 1   | 36  | 3   |
| <b>Total employee separations</b>                          | <b>88</b>   | <b>7</b>  | <b>28</b>   | <b>-</b>   | <b>-</b>  | <b>1</b>  | <b>116</b>  | <b>8</b>  |

GRAPHIC 16.  
Employee separations by age, gender and operation



GRAPHIC 17.  
Employee separations by age range, gender and operation





[GRI 401-2]

For Drummond Ltd., it is important to be an attractive employer, which is why it provides its human talent with a compensation scheme and additional benefits that cover direct employees and, in some cases, their families. The mining and port operations account for 99.1% of this population. The main benefits that it offers include:



College scholarships for employees



Hospitalization and surgery policy



School and college assistance for children of employees



Life insurance



Voluntary savings fund



Transportation assistance



Extra-legal bonuses



Revolving housing fund



Relocation assistance



Equipment



Personnel transportation



Meals



[GRI 401-3]

As part of the Company's recognition of its employees' work-life balance, it works to promote the rights and responsibilities of the parenting stage:

TABLE 12.

**Return to Work in 2020**[GRI 401-3] **Return to work and retention rates of employees that took parental leave, by gender**

|   | UNITS      | 2020  |       | 2019  |       | 2018  |       |
|---|------------|-------|-------|-------|-------|-------|-------|
|   |            | WOMEN | MEN   | WOMEN | MEN   | WOMEN | MEN   |
| a. Number of employees that were due to return to work in the reporting period after parental leave ended               | Number     | 273   | 10    | 332   | 10    | 298   | 7     |
| b. Number of employees that returned to work in the reporting period after parental leave ended in the reporting period | Number     | 273   | 10    | 332   | 10    | 298   | 7     |
| c. Return to work rate  | Percentage | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |
| d. Number of employees that returned to work after parental leave in the year before the reporting period               | Number     | 332   | 10    | 298   | 7     | 305   | 5     |
| e. Number of employees that are still employed by the Company 12 months after their return to work after parental leave | Number     | 332   | 10    | 296   | 7     | 301   | 5     |
| f. Retention rate after parental leave  | Percentage | 100 % | 100 % | 99 %  | 100 % | 99 %  | 100 % |



[GRI 103-2]  
[GRI 404-1]  
[GRI 404-2]

### EMPLOYEE DEVELOPMENT TRAINING

Drummond Ltd. works to create a synergy between its departments, with the aim of having a robust strategy to coordinate the processes of its operations. The Training, Industrial Safety, Occupational Health, Human Resources and Environmental departments work in coordination, based on the following philosophy:



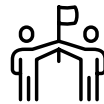
Provide training on knowledge and skills that have an impact on our Company.



Use an approach that balances the development of technical capabilities with human-related matters, which are useful in areas outside the Company and working life and, therefore, can be used after people leave.



Provide high-quality training by identifying needs and selecting qualified instructors.



Reinforce safety and productivity by executing work procedures.



Develop a workforce with multiple skills.

**MANAGING HUMAN TALENT THROUGH TRAINING AND EDUCATION IS CRITICAL BECAUSE, IN ADDITION TO PROVIDING NEW KNOWLEDGE TOOLS TO WORKERS, IT IMPROVES THE QUALITY OF THE OPERATIONS.**

The activities and training sessions are designed based on the needs of the organization's profiles, ranks and roles, with technical and theoretical training in the field and, on some occasions, with studies abroad, as well as talks at the worksite and occupational health and safety campaigns.

Drummond Ltd. has several training centers, one at the mining operations and another at the port, that were recognized in 2020 as UVAEs (Spanish acronym for Business Learning Vocational Units) by the Ministry of Labor, having this endorsement to provide technical training.



TABLE 13.  
Trainings in 2020

|  | Level 1<br>(Operations) | Level 2<br>(Assistance) | Level 3<br>(Professional) | Level 4<br>(Tactical) | Level 5<br>(Strategic) |
|--|-------------------------|-------------------------|---------------------------|-----------------------|------------------------|
| Average number of hours of training given to men   | 122,591                 | 4,200                   | 26,807                    | 2,712                 | 1,624                  |
| Average number of hours of training given to women | 1,532                   | 1,592                   | 3,754                     | 394                   | 341                    |
| <b>Total hours of training</b>                     | <b>124,123</b>          | <b>5,792</b>            | <b>30,561</b>             | <b>3,106</b>          | <b>1,965</b>           |
| Total number of male employees                     | 3,697                   | 166                     | 789                       | 85                    | 102                    |
| Total number of female employees                   | 44                      | 42                      | 98                        | 9                     | 7                      |
| <b>Total employees</b>                             | <b>3,741</b>            | <b>208</b>              | <b>887</b>                | <b>94</b>             | <b>109</b>             |

TABLE 14.  
Average hours of training in 2020

|   | Level 1<br>(Operations) | Level 2<br>(Assistance) | Level 3<br>(Professional) | Level 4<br>(Tactical) | Level 5<br>(Strategic) |
|---|-------------------------|-------------------------|---------------------------|-----------------------|------------------------|
| Average number of hours of training received by men in 2020, by employee category   | 33.16                   | 25.30                   | 33.98                     | 31.90                 | 15.92                  |
| Average number of hours of training received by women in 2020, by employee category | 34.82                   | 37.92                   | 38.31                     | 43.81                 | 48.76                  |
| Average total hours of training received by employees in 2020, by employee category | 33.18                   | 27.85                   | 34.45                     | 33.04                 | 18.03                  |



## REGULAR TRAINING CYCLES

During 2020, due to the global health emergency, there was a significant impact on training hours because face-to-face training sessions were suspended. Of the eight regular training cycles that

were scheduled to take place during the year, only 1.5 cycles were carried out in the mining operations, and 3 cycles in the port operations.

ILLUSTRATION 1.  
Regular training cycles mining operations

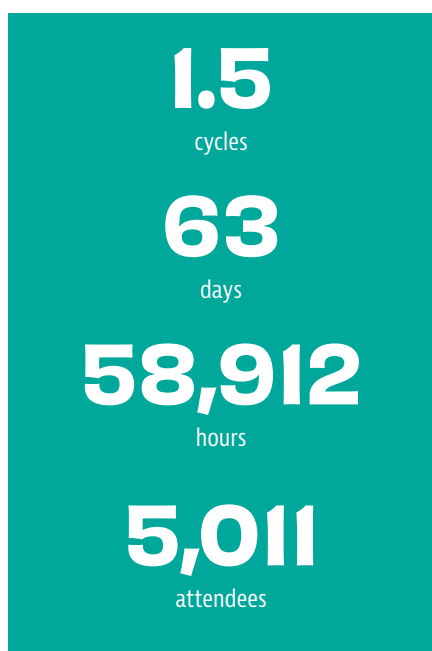
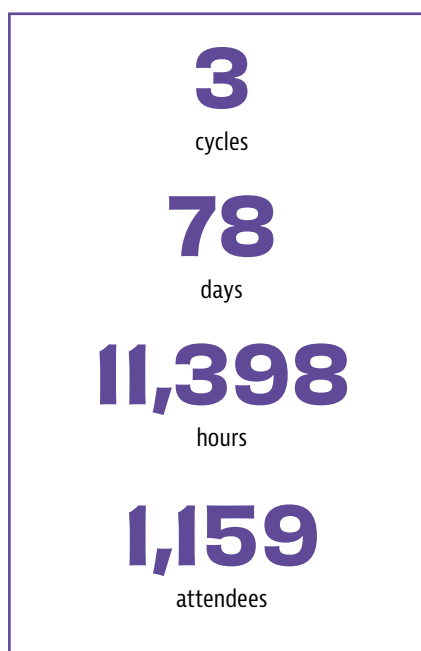


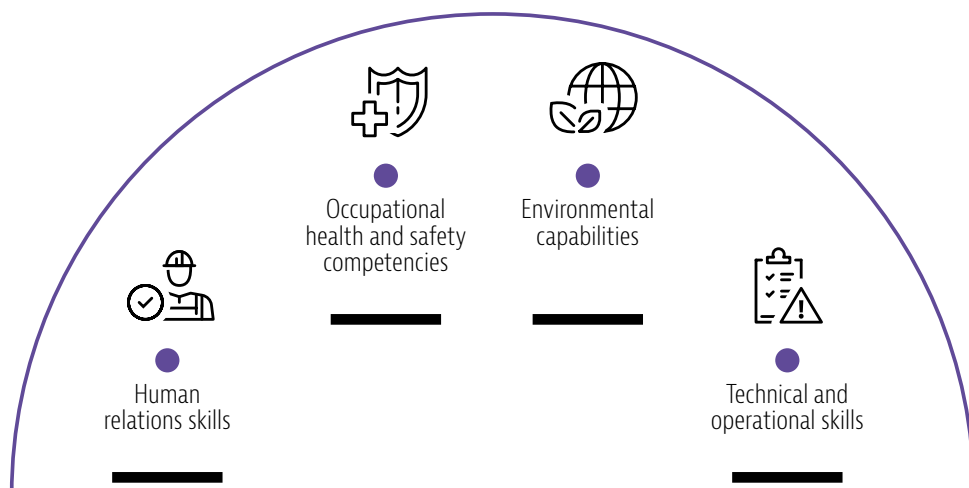
ILLUSTRATION 2.  
Regular training cycles port operations



| Competencies developed | REGULAR TRAINING CYCLE |         |        |                 |         |         |        | Total Drummond Ltd. |
|------------------------|------------------------|---------|--------|-----------------|---------|---------|--------|---------------------|
|                        | MINING OPERATIONS      |         |        | PORT OPERATIONS |         |         |        |                     |
|                        | CYCLE 1                | CYCLE 2 | Total  | CYCLE 1         | CYCLE 2 | CYCLE 3 | Total  |                     |
| Industrial safety      | 9,619                  | 10,218  | 19,837 | 2,773           | 2,142   | 1,104   | 6,019  | 25,856              |
| Environmental          | 9,619                  | 5,109   | 14,728 | 1,220           | 495     | 300     | 2,015  | 16,743              |
| Occupational health    | 19,238                 | 5,109   | 24,347 | 2,554           | 660     | 150     | 3,364  | 27,711              |
| Hours                  | 38,476                 | 20,436  | 58,912 | 6,547           | 3,297   | 1,554   | 11,398 | 70,310              |
| Attendees              | 3,278                  | 1,733   | 5,011  | 660             | 348     | 151     | 1,159  | 6,170               |
| Days                   | 42                     | 21      | 63     | 42              | 21      | 15      | 78     | 141                 |

ILLUSTRATION 3.

**Competencies developed in the educational programs from the regular training cycles**



Drummond Ltd.'s goal is to maintain and consolidate management programs at its operations that strengthen the capacities, knowledge and skills of its workers on topics related to managing health and safety at work, with technical, operational and environmental management and person-focused training.



**OCCUPATIONAL HEALTH AND SAFETY COMPETENCIES**

For Drummond Ltd., it is important to strengthen the culture of health and safety among its workers in the mining and port industries through different training scenarios, emphasizing hazard identification, risk assessment and the establishment of operational controls.

**During 2020, in the cycles that were completed,**

**53,567**

**hours of training were given.**

The topics covered were related to communicating the Company's safety performance in 2019 and topics related to the Occupational Health and Safety Management System and the current legislation.



**ENVIRONMENTAL COMPETENCIES**

**In the context of environmental competencies,**

**16,743**

**hours of training**

were given in accordance with the Environmental Management Plan. The most important training sessions in this area were related to the ISO 14001 Environmental Management System, in which Drummond Ltd. is certified.



### TECHNICAL AND OPERATIONAL SKILLS

Different operational and technical trainings were developed for the mining operations for the employees who will be and are part of the mining equipment operation.

The improvement plan was developed based on skill and knowledge evaluations for new and veteran operators, providing

# 44,498

man-hours through special training sessions.

As part of its training and education work, Drummond Ltd. has a training center located in the mining operations equipped with mining truck, bulldozer and electric shovel simulators that provide a realistic experience for employees to reinforce their technical skills.



### HUMAN RELATIONS SKILLS

As a result of the COVID-19 crisis, which led the Company to suspend its in-person cycles, virtual chats and training sessions were held on topics related to managing the pandemic, human relations, as well as wellness and topics of general interest for all employees.

In all,

# 10,204

hours of training were provided, attended by

# 1,691

employees under this modality.

#### ILLUSTRATION 4. Topics covered under the virtual training modality



Managing the pandemic



General interest



Health and self-care



Technological training



News on benefits and procedures



Managing human relationships



Family and values



Wellness activities

#### SUPPORT FOR EMPLOYEE EDUCATION

The professional growth of its work force is critical for the Company. For this reason, it encourages academic training among its employees through partnerships with universities, providing scholarships for workers who are pursuing undergraduate, postgraduate

and/or master's degrees. The specialties covered by the scholarship must be related to the employee's activities and functions at the Company, with the aim of strengthening their knowledge and skills in their work. During 2020, 117 employees took advantage of this benefit.

**MEASURING EMPLOYEE PERFORMANCE MAKES IT POSSIBLE TO MONITOR OPPORTUNITIES FOR IMPROVEMENT AND RECOGNIZE OUTSTANDING TALENT.**

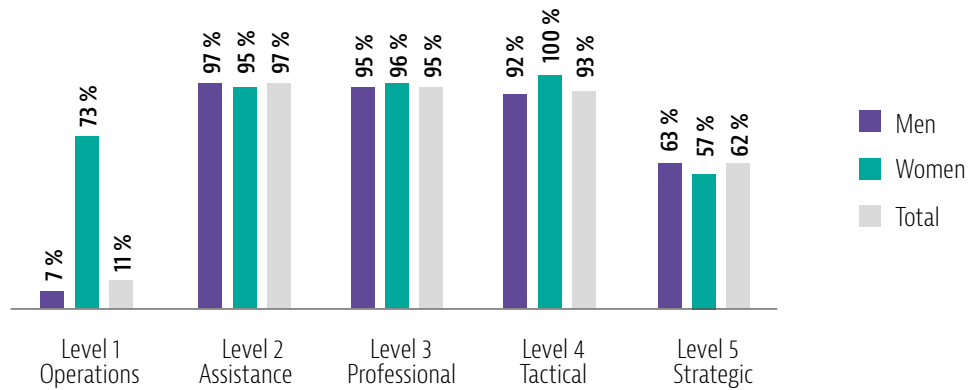
[GRI 404-3]

**PERFORMANCE EVALUATIONS AND SUPPORT FOR EMPLOYEE DEVELOPMENT**

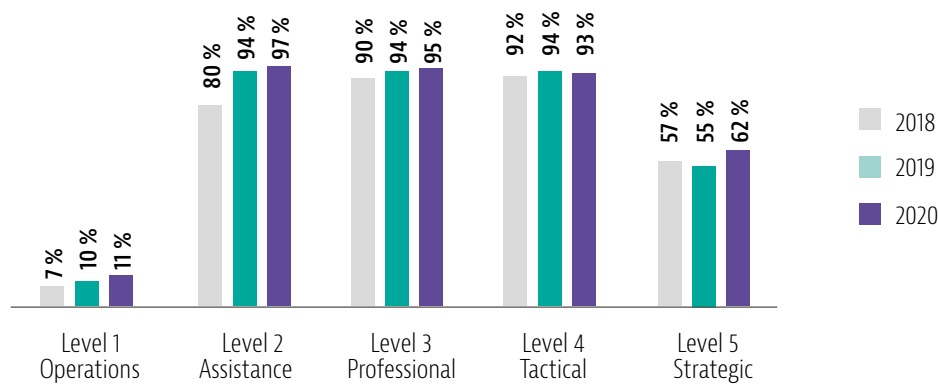
Measuring employee performance makes it possible to monitor opportunities for improvement and recognize outstanding talent. Drummond Ltd. evaluates its employees annually, using the 90° methodology. This consists of setting goals by the employee

and their supervisor, which must be measurable and traceable throughout the year, to carry out a performance evaluation at the end of the period to determine the achievements made and establish improvement plans for the next year.

GRAPHIC 18. Percentage of workers who have received performance evaluations



GRAPHIC 19. Percentage of workers who have received performance evaluations, by job level (2018-2020)





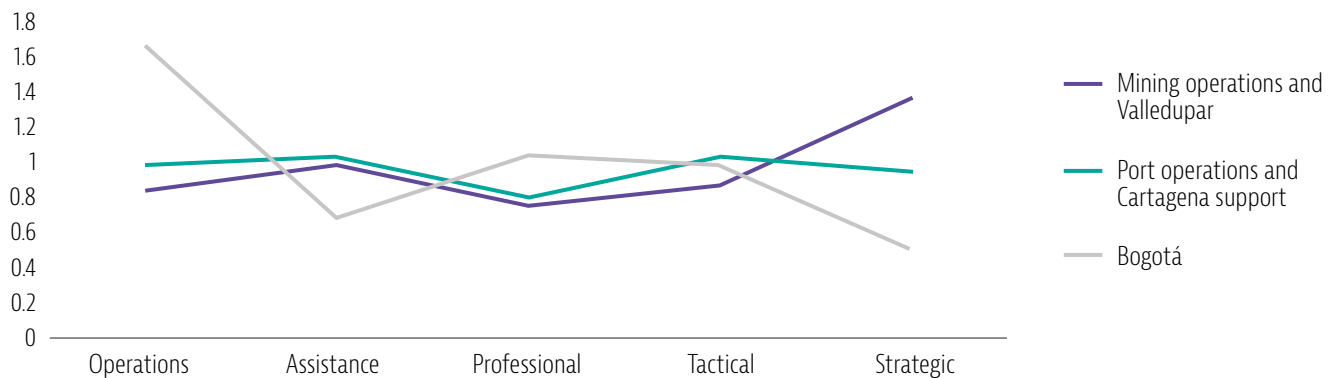
[GRI 405-2]

**DRUMMOND LTD. PROMOTES DIVERSITY AND EQUITY AMONG ITS EMPLOYEES. THIS IS EVIDENT IN ITS POLICIES, WHICH INDICATE THAT THE SALARY DISTRIBUTION USES OBJECTIVE CRITERIA TO SET ADEQUATE COMPENSATION FOR EACH ROLE, IN ORDER TO AVOID ANY GAPS ASSOCIATED WITH WORKER DIVERSITY.**

TABLE 15.  
Salary ratio by position (men/women)

|              | Mining operations and Valledupar | Port operations and Cartagena support | Bogotá |
|--------------|----------------------------------|---------------------------------------|--------|
| Operations   | 0.85                             | 0.98                                  | 1.67   |
| Assistance   | 0.99                             | 1.03                                  | 0.69   |
| Professional | 0.77                             | 0.80                                  | 1.05   |
| Tactical     | 0.89                             | 1.05                                  | 1.00   |
| Strategic    | 1.37                             | 0.96                                  | 0.53   |

GRAPHIC 20.  
Salary ratio by position (men/women)



## 2020 Milestones

1. The Company ventured into virtual training as a new learning alternative. Drummond Ltd. found that this new modality was a way to make learning processes more flexible and personal, and to maintain relationships with employees and their families.
2. A systematic tool was implemented for conducting performance evaluations, increasing the number of employees who received these evaluations.



## OLGA CECILIA HERNÁNDEZ ARAQUE

ASSISTANT MANAGER  
OF PREVENTION AND  
BUSINESS WELFARE,  
SEGUROS BOLÍVAR.

**"Drummond Ltd. was a pioneer** in the implementation of all the biosafety controls that made it possible to continue the mine operations safely for its employees. The Company included this reactivation process and the continuation of its operations within the philosophy of its occupational health and safety system, where we think of industrial safety as a way of life that guides everything we do, protecting those around us, our environment and ourselves." ■

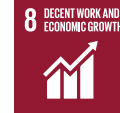
**"All of these measures  
focused on COVID-19 made it  
possible to protect the lives of  
employees and the continuity  
of the business."**



# Workplace health and safety

Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its management of human talent it contributes to:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING



#### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.

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



#### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.

- Environmental sustainability
- Conservation and restoration



#### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.

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



#### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.

- Transparency and citizen oversight
- Institutional and community strengthening

## Target

**Target 8.8:** Protect labor rights and promote decent working environments, with growth opportunities, that are safe and secure for all workers.



# Occupational health and safety

[GRI 103-1]

For Drummond Ltd., Occupational Health and Safety (OSH) is a priority, because it is deeply ingrained in its philosophy and operations. The Company seeks to ensure a healthy, safe and sustainable environment in the development of its operations, to benefit its employees, contractors, visitors and the communities located in its area of influence.

Drummond Ltd. confirms its commitment to Occupational Safety and Health (OSH) management and complies with the current legislation. Additionally, with the goal of reinforcing continuous improvement in its processes and operations, it has been certified under the international standards for the Industrial Occupational Safety and Health Management System, ISO 45001:2018, and for the Environmental Management System, ISO 14001:2004.

[GRI 103-2]  
[GRI 403-3]

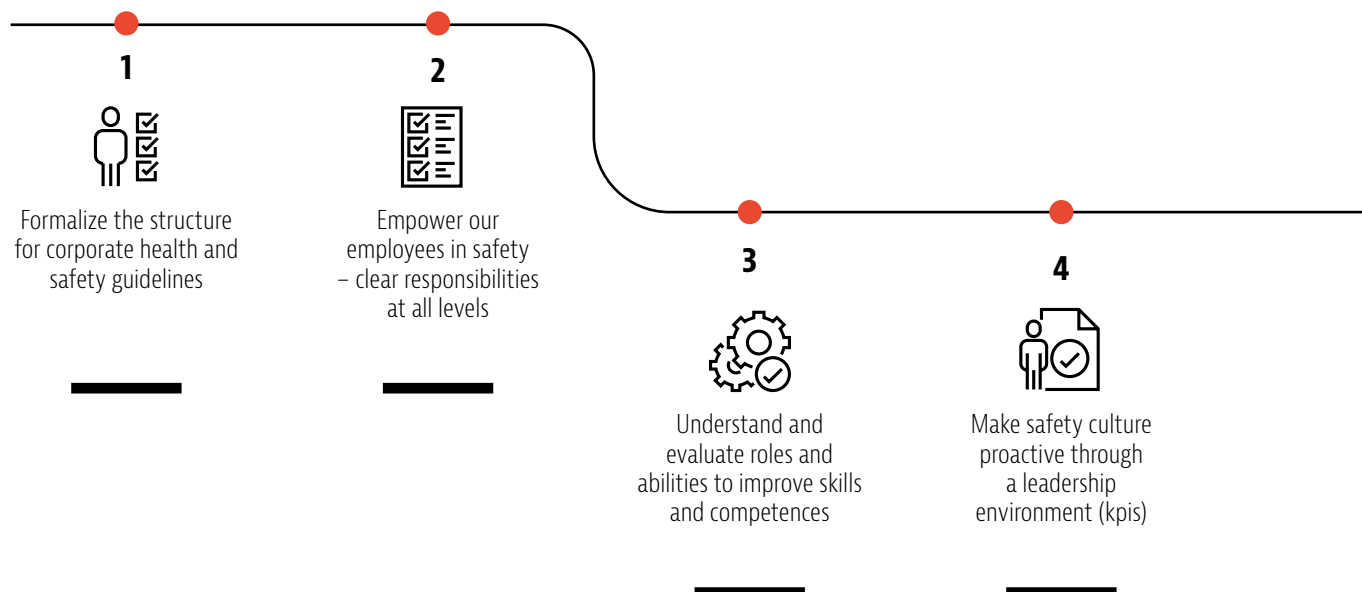
Drummond Ltd.'s main goal is to prevent accidents and occupational diseases; for this reason, it has an Occupational Safety and Health (OSH) System that is certified under the ISO 45001:2018 standard, which allows it to perform activities that are safe for all employees. In order to comply with this, Drummond Ltd. identifies the high-priority risks in all stages of the process, and based on this it implements operational controls, such as:

elimination, replacement, engineering controls, signage, warnings, administrative controls and personal protective equipment.

In addition to these controls, the Company has an emergency preparedness and response plan, led by brigades trained in each of the areas, and it has strategies to respond effectively to any emergency that may arise at its locations.

[GRI 103-3]

During 2020, the Program to Strengthen Drummond's Safety Culture was maintained through the four strategic courses of action, as described below:



1

• **Formalize the structure for corporate health and safety guidelines**

This structure consists of interdisciplinary committees, whose goal is to seek continuous improvement in Occupational Safety and Health (OSH) management, and it is governed by the Strategic Health and Safety Committee,

made up of members of the Company's senior management. Its inputs come from the work done by groups called Central Committees, which are made up of workers who represent different processes and all hierarchical levels.

The most noteworthy activities in 2020 include all of the measures quickly implemented to provide continuity to the Occupational Health and Safety management in the midst of the COVID-19 pandemic; the activities were adapted to the new operating conditions, and progress was made in the implementation of the strategic courses of action.

In 2020, seven central safety committees were operating:



**THE MOST NOTEWORTHY ACTIVITIES IN 2020 INCLUDE ALL OF THE MEASURES QUICKLY IMPLEMENTED TO PROVIDE CONTINUITY TO THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT IN THE MIDST OF THE COVID-19 PANDEMIC.**

2

• **Understand and evaluate middle management roles and responsibilities; improve skills and competences.**

While the training activities through which the safety mentoring sessions took place were suspended as a result of the pandemic, the characteristics of the persuasive leader: informing, influencing and inspiring, remained present throughout 2020.

3

• **Empowering our employees in safety/Clear responsibilities at all levels.**

The training activities for this strategic course of action have been thought through to make way for innovation in the different scenarios, to continue to strengthen prevention, self-care and continuous risk management. To do so, the Company is developing e-learning modules that allow employees to continue to grow in safety empower-

ment. At the same time, the "I Report Prevention" hazard reporting program is still in place, which improved the management of near-accidents, actions and hazardous conditions at the Port through employee reporting and empowerment by communicating the responses to those reports.



4

- **Make safety culture proactive/Leadership environment (control of key performance indicators – KPI).**

To be able to quantify the preventive activities established for each area of the Company, it was necessary to implement several indicators. These made it possible to evaluate and visualize the progress made by the health and safety programs, which include: safety observations, better reporting of near miss-

es, records from safety trainings and managerial safety field visits, among others. In 2020, the Company began to develop technological tools to facilitate the handling of safety observations, and it is on the cutting edge in terms of instruments for risk management.

**IN JULY 2020, THE EXTERNAL AGENCY CONDUCTED THE AUDIT VIRTUALLY, WHICH RESULTED IN DRUMMOND LTD.'S CERTIFICATION UNDER THE ISO 45001:2018 STANDARD, WHICH CONFIRMS THE ORGANIZATION'S COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT.**

The strategies for evaluating the Occupational Health and Safety Management System include visits by a certifying entity to be implemented at the Company's operations. In July 2020, the external agency conducted the audit virtually, which resulted in Drummond Ltd.'s certification under the ISO 45001:2018 standard, which confirms the organization's commitment to Occupational Health and Safety management.

[GRI 403-1]

**OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM**

With the aim of preventing accidents and occupational diseases, Drummond Ltd. has an Occupational Health and Safety (OSH) System that follows the guidelines of the ISO 45001:2018 standard. Under the standard, the Company more forcefully promotes

proactive prevention when identifying hazards and implementing operational controls on the activities carried out by employees and contractors, as well as continuous improvement in health and safety management throughout the organization.

[GRI 403-2]

**IDENTIFICATION OF HAZARDS, ASSESSMENT OF RISKS AND INVESTIGATION OF INCIDENTS**

The hazard identification process at Drummond Ltd. has multiple inputs, which include the following:



The identification of all processes carried out in the operations and the related hazards.



Change management: any change that occurs in terms of technology, tools and administrative decisions to change personnel.



Identification of risks or safe work analysis (SWA) that each worker performs before starting their work.



Through the final cause analysis report it is possible to identify hazards that had not previously been identified.

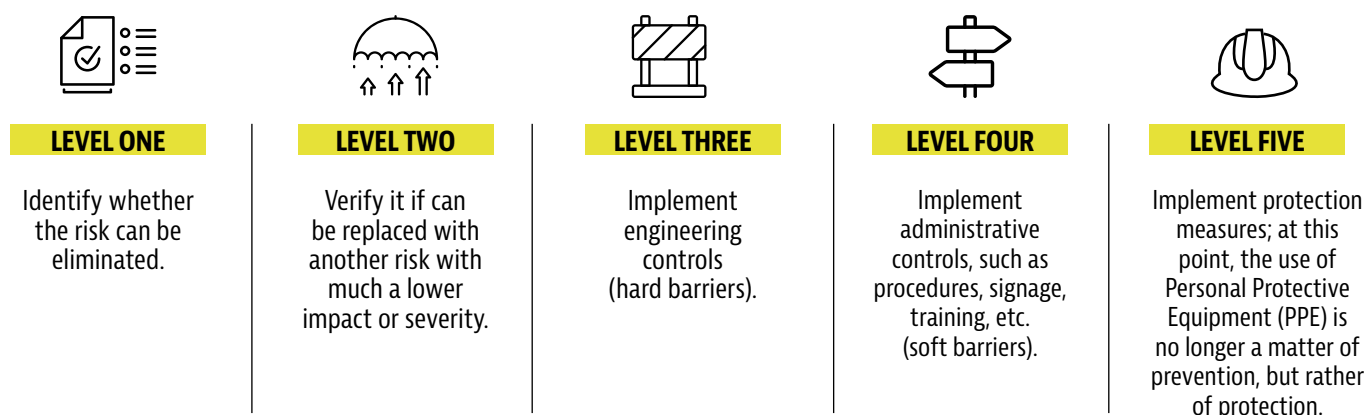


Employee communication, participation, concerns and suggestions through the various meetings and spaces provided by the Company makes it possible to identify hazards.

Once the hazards are identified, they are evaluated to assess the risks and assign them a classification (high, medium or low). Next, controls are established to reduce the likelihood that damage associ-

ated with accidents or diseases will be caused.

To establish the controls that eliminate hazards and minimize risks, the hierarchy below is followed:



When establishing preventive measures or operational controls, Drummond Ltd. carries out operational planning, which consists of establishing a monitoring plan for all controls. The frequency of the monitoring depends directly on the priority of the risk.

Finally, once the risk is evaluated and it is confirmed that the controls are implemented, the analysis and evaluation of the effectiveness of the operational controls are carried out.

At that time, implementation of the control is verified and its effectiveness

in preventing accidents and diseases is evaluated. The results of this hazard identification process makes it possible to establish other preventive measures in addition to the controls or strengthen existing ones.

Employees or contractors have the autonomy and authority to report any hazards and, in that case, stop any unsafe activity, work, action or condition that they may identify, reporting it immediately.

Finally, to investigate all accidents and labor incidents, Drummond Ltd. uses the following process:

**REPORT:**

When a worker reports an accident or incident, if it is a personal injury, they are transferred to the health center, which is open 24/7 with doctors, paramedics and all the tools necessary for their care. If the worker needs to be transferred to the nearest hospital, the Company has the resources to use an ambulance to do so.

**EVIDENCE COLLECTION PROCESS**

Through a procedure established and developed with personnel trained as investigators, the Company gathers evidence related to people, the work method, working conditions, machinery and tools. Once collected, they are processed and, using the TapRoot methodology, which makes it possible to create a root cause tree diagram, the Company establishes which of these caused the accident and define the corrective actions to prevent it from reoccurring.

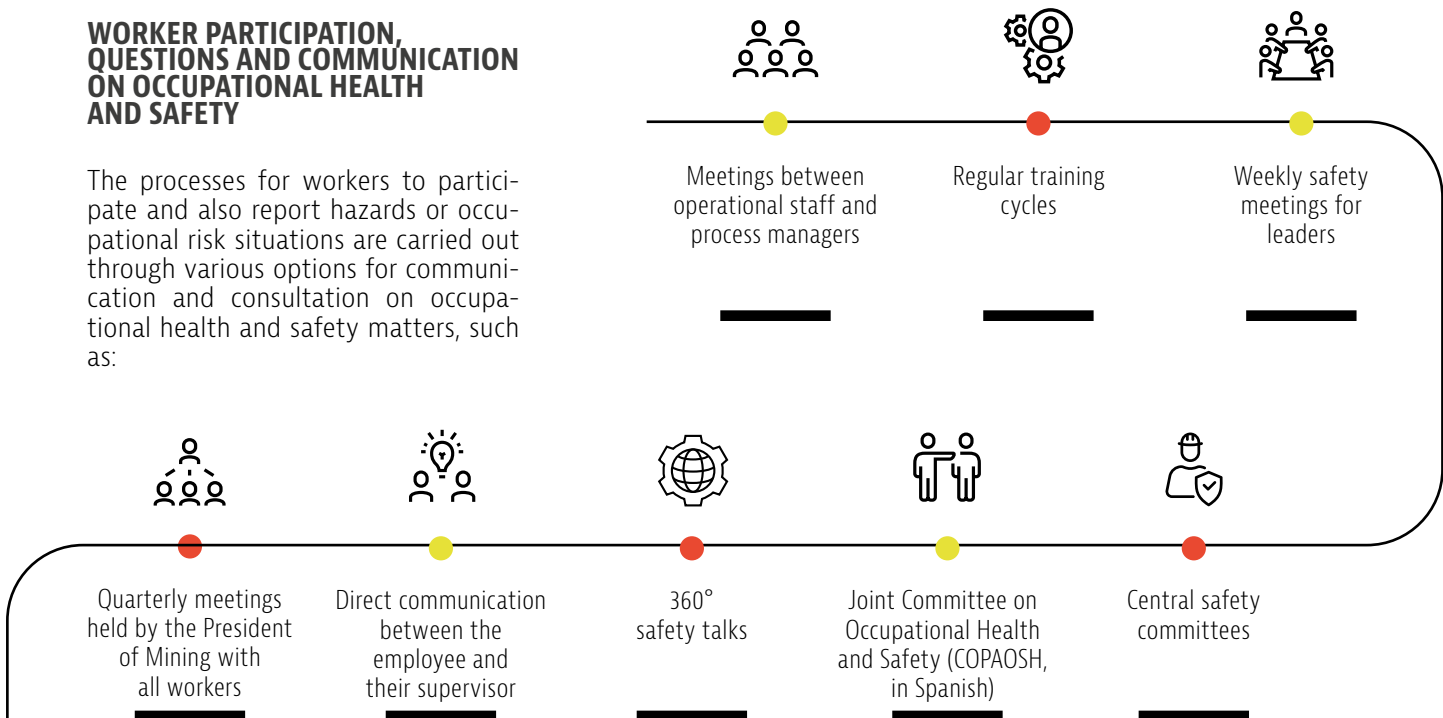
**THE OUTCOME OF THE RISK-IDENTIFICATION PROCESS MAKES IT POSSIBLE TO ESTABLISH ADDITIONAL PREVENTIVE MEASURES OR STRENGTHEN THE EXISTING CONTROLS.**



[GRI 403-4]

### WORKER PARTICIPATION, QUESTIONS AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

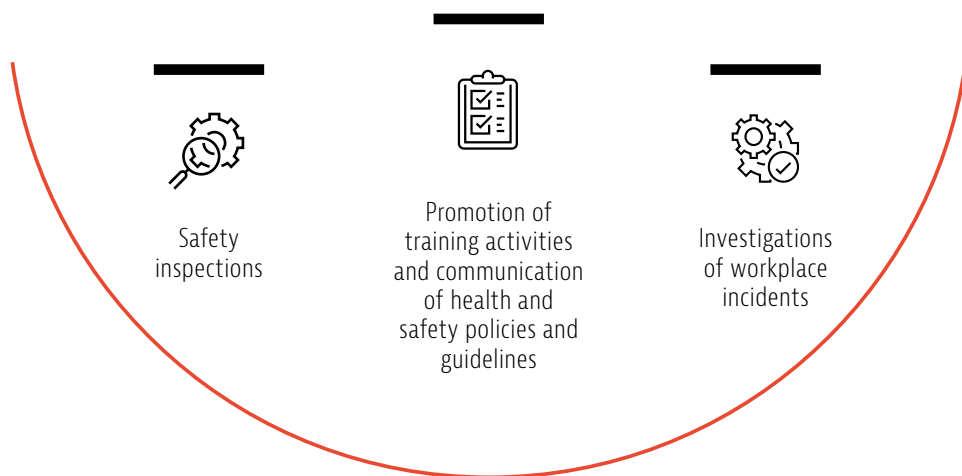
The processes for workers to participate and also report hazards or occupational risk situations are carried out through various options for communication and consultation on occupational health and safety matters, such as:



The Joint Committee on Occupational Health and Safety (COPAOSH) is the mechanism that ensures that employees are represented and protected; through its establishment, Drummond Ltd. complies with Colombian regulations. This committee has representatives from different areas and levels of the company. Its objective is to ensure the safety and health of all work groups through actions to monitor

compliance with the rules, standards and procedures established in the Occupational Health and Safety Management Systems.

Drummond Ltd.'s senior management supports COPAOSH by holding regular meetings with the committee, at which feedback is provided on the different occupational health and safety actions taken at the Company, including:



Another mechanism that Drummond Ltd. has established is the Strategic Health and Safety Committee, made up of members of the Company's senior management, which mission is to guide and direct the development of policies and standards that make it possible to continue to improve the proactive health and safety culture.

All of this indicates that there are no obstacles at Drummond Ltd. for worker participation in topics related to health and safety, due to the fact that there are different mechanisms and opportunities for their involvement.



[GRI 403-5]

## WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

In March of 2020, given the global health emergency caused by COVID-19, the Company was forced to suspend the activities that had traditionally been established for training. Nonetheless, it continued with the adaptation of biosecurity protocols, and in some cases virtual media was used to fulfill the plans for worker training, based on analysis of the processes, goals and objectives that the Company seeks to achieve.

In order to establish the training program that is provided to employees on occupational health and safety, Drummond Ltd. takes into account

legal requirements, accident rate outcomes and employee suggestions, in order to respond to existing needs and strengthen employees' skills, abilities and capabilities on each topic that is covered. These training and education sessions are free, take place during working hours, and are adapted for the Company's working environment.

During 2020, the training program was adapted to provide continuity on topics related to: risk perception, hazard identification, working safely at heights, ergonomics, prevention of psychosocial risk, addiction prevention, how to han-

dle chemicals, remote work, and others, which provide employees with tools for growth that promote a better quality of life and prevent accidents and occupational diseases.

Finally, to evaluate the effectiveness of the training, there is a supervision and verification process carried out by supervisors, along with the Occupational Health and Safety Department, which verifies whether the workers implement what they learned on each topic in their daily activities.



[GRI 403-8]

### WORK COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

There is 100% coverage at the Company by the OSH-MS, which includes the mining operations, the centers of operation in Bogotá, Valledupar and Cartagena, and the transportation department, as explained below:

|   | Numbers | Percentage (%) |
|---|---------|----------------|
| Direct employees that are covered by the OHS system.  | 5,053   | 100            |
| Workers who are not employees but whose work or workplace is controlled by the Company and who are covered by the OHS system.   | 5,535   | 100            |
| Employees that are covered by the OHS system that has been audited internally.  | 5,053   | 100            |
| Workers who are not employees but whose work or workplace is controlled by the Company and who are covered by the OHS system that has been audited internally.                    | 5,535   | 100            |
| Employees that are covered by the OHS system that has been audited or certified by a third party.   | 5,053   | 100            |
| Workers who are not employees but whose work or workplace is controlled by the Company and who are covered by the OHS system that has been audited or certified by a third party. | 5,535   | 100            |

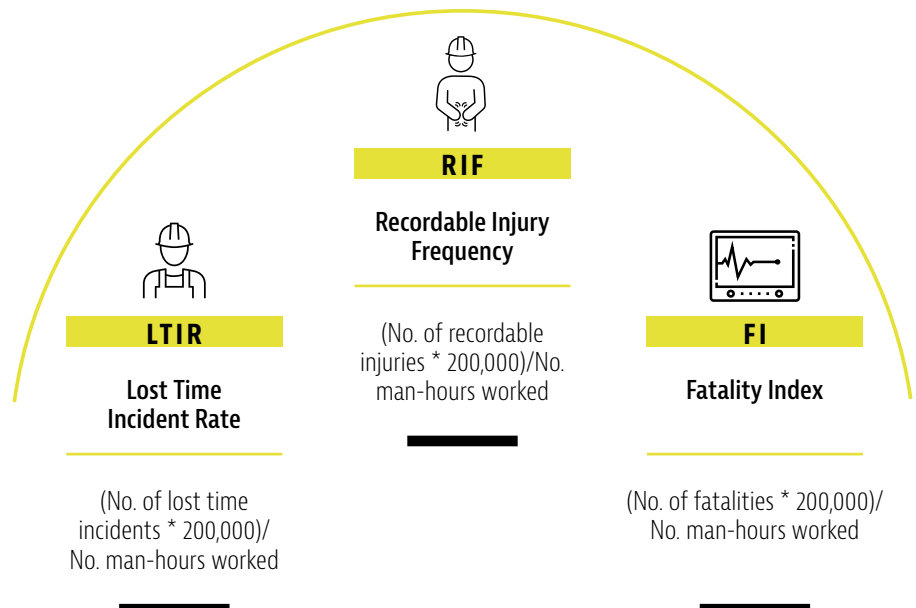
- Direct employees include Drummond Ltd. workers and those hired on a temporary basis.
- Workers who are not employees are Drummond Ltd. contractors.

**THE METHODOLOGY IMPLEMENTED TO CONDUCT INTERNAL AUDITS AT DRUMMOND LTD. IS BASED ON THE ESTABLISHED PROCEDURE, WHICH IS BASED ON THE ISO 19011 TECHNICAL STANDARD.**

[GRI 403-9]

### INJURIES FROM WORK-RELATED ACCIDENTS

To keep a quantified record of injuries from work-related accidents, Drummond Ltd. has a system that allows it to manage information through TRASA (TRaining-SAFety), which facilitates the storage of information. As a supplement to this tool, the information is documented, including reports and investigations into work-related accidents. At Drummond Ltd., the rates are calculated using the OSHA 1904.7 standard, as follows:







Applying the OSHA 1904.7 standard, Drummond Ltd. presents the following results of its OSH management for employees and contractors:

TABLE 16.  
Employees

| Year | Man-hours worked  | Fatality | Lost time incident | Incident with medical treatment | Total recordable injuries <sup>23</sup> | LTIR        | RIF         | FI       |
|------|-------------------|----------|--------------------|---------------------------------|---|-------------|-------------|----------|
| 2018 | 15,343,154        | 0        | 11                 | 25                              | 36                                      | 0.14        | 0.47        | 0        |
| 2019 | 15,538,133        | 0        | 8                  | 13                              | 21                                      | 0.10        | 0.27        | 0        |
| 2020 | <b>15,398,370</b> | <b>0</b> | <b>11</b>          | <b>12</b>                       | <b>23</b>                               | <b>0.14</b> | <b>0.30</b> | <b>0</b> |

TABLE 17.  
Contractors

| Year | Man-hours worked  | Fatality | Lost time incident | Incident with medical treatment | Total recordable injuries <sup>24</sup> | LTIR        | RIF         | FI           |
|------|-------------------|----------|--------------------|---------------------------------|---|-------------|-------------|--------------|
| 2018 | 15,460,848        | 1        | 22                 | 20                              | 43                                      | 0.28        | 0.56        | 0.012        |
| 2019 | 16,086,247        | 0        | 19                 | 19                              | 38                                      | 0.24        | 0.47        | 0            |
| 2020 | <b>14,169,840</b> | <b>1</b> | <b>12</b>          | <b>9</b>                        | <b>22</b>                               | <b>0.17</b> | <b>0.31</b> | <b>0.014</b> |

23. (\*) OSHA 1904.7 - General recording criteria.

24. (\*) OSHA 1904.7 - General recording criteria.



The hazards identified by Drummond Ltd. with respect to injuries caused by work-related accidents are categorized as traffic, electrical, mechanical and geological accidents. These are determined through identification processes established by the Company, which require classifying procedures, activities and tasks to be able to describe the type of contact and source. Additionally, engineering and administrative controls and the use of PPE are applied.

When an accident occurs at the Company, the response actions are aimed at strengthening competencies and identifying hazards, all of which is with the goal of establishing operational-type controls.

Below is a more detailed description of these controls for each type of hazard:

### Work-related hazards

#### **Transit**

- Installation of seat belts for each seat in equipment/vehicles
- Backup alarms
- Buggy Whip in light vehicles
- Preventive maintenance program
- Pre-operational inspection
- Application of the SG-PCO-SST-015 road safety procedure
- Safe driving policy
- Random drug and alcohol testing by shift

#### **Electrical**

- Use and maintenance of appropriate tools, cables and equipment
- Use of cables that provide for reporting of unsafe conditions
- Restricted access control to electric power generation, transformation and distribution areas
- Design of surge protection system
- Equipment grounding
- Basic PPE: helmet / safety glasses / safety boots / gloves

#### **Location**

- Design of stairs, platforms with handrails, lifelines, fall protection equipment
- Planned and supervised work
- Reporting of unsafe conditions
- Limited exposure time
- Start-of-shift meetings to organize work
- Signage
- Orden and cleanliness
- Possibility of changing position and work rotation
- Basic PPE: helmet / safety glasses / safety boots / engineering-type gloves / inserted hearing protectors / N-95 masks.

#### **Psychosocial**

- Labor, wage, human resource management and well-being policies
- Work plans
- Other risks are controlled to reduce stress load
- Reporting of unsafe conditions

#### **Ergonomic**

- Use of shock absorbers and ergonomic seats for vehicles and equipment, ergonomic chairs for offices
- Reporting of unsafe conditions
- Breaks and pauses during the day
- Possibility of changing position
- Postural hygiene

#### **Physical**

- The equipment is enclosed and hermetically sealed
- The equipment has a pressurization system in the cabin, which makes it possible to isolate outside noise
- Reporting of unsafe conditions
- Preventive maintenance of equipment and vehicles
- Use of inserted hearing protectors, with double protection if the noise level increases.

## Mechanical

- Guards for moving system
- Emergency stopping system
- Mechanical aids for handling cargo
- Design and manufacture of tools for disassembling and assembling components
- Design and manufacture of screens as a protection barrier around components
- Tools and support equipment with appropriate technology for each task
- Verbal reporting of unsafe conditions
- Preventive and corrective maintenance on equipment in the maintenance areas
- Random drug and alcohol testing by shift
- Maintenance of tools and equipment
- Risk checklist
- Communication during simultaneous work on the same equipment or component
- Procedures for high risk tasks
- Operating Control Procedures (OCP)





[GRI 403-10]

### OCCUPATIONAL DISEASES

Drummond Ltd. identified the occupational diseases present at the Company in 2020, and classified them as follows:



#### Drummond Ltd. Employees.

Musculoskeletal or connective tissue diseases  
Diseases of the ear or mastoid process



#### Contractors

Occupational disease  
Carpal tunnel syndrome  
Hearing loss  
Discopathy  
Epicondylitis  
Rotator cuff syndrome  
Ankle, shoulder bursitis  
Shoulder and hand musculoskeletal disorders  
Chronic low back pain

Additionally, there is a record of deaths caused by occupational disease and the cases recorded at the Company that involve occupational diseases occurring in employees and contractors:

TABLE 18. Deaths resulting from occupational disease and recordable occupational diseases

|   | Drummond Employees |       |       |
|---|--------------------|-------|-------|
|   | Men                | Women | Total |
| Deaths resulting from an occupational disease | 0                  | 0     | 0     |
| Cases of recordable occupational diseases     | 8                  | 0     | 8     |

|   | Contractors |       |       |
|---|-------------|-------|-------|
|   | Men         | Women | Total |
| Deaths resulting from an occupational disease | 0           | 0     | 0     |
| Cases of recordable occupational diseases     | 13          | 6     | 19    |

## Milestones

- Received certification of the OSH-MS under the ISO 45001:2018 standard.
- The Company achieved its goal of reducing its accident rate by 30 %, recording a total reduction of 42 % as compared to 2019. The reduction target for the accident rate for contractors was also met, recording a drop of 32 % compared to the goal of 30 %.
- The occupational exposure index (EI) to crystalline silica was kept below 0.5 (the level that requires action) with the use of personal protective equipment (PPE) in 2020.
- Sufficient and appropriate resources were provided to respond to the emergency, with the participation of the crisis committee, senior management, health personnel and members of the joint committees and the emergency brigades.
- Cases within the Company have been contained, taking into account the comparative indicators relative to the situation in the country and in the areas of influence.
- Mutually beneficial relationships have been maintained with the communities and the local, departmental and national authorities, which have approved the operating permits.
- The goals and objectives of the COVID management program have been fulfilled, as well as the applicable legal requirements.
- The programs related to managing the pandemic were adjusted appropriately (promotion and prevention, management of chemical risks, prevention of psychosocial risks and musculoskeletal injuries, occupational hygiene).
- The Company has kept functioning properly in spite of the impacts of the pandemic, and its productivity has been maintained.

## Challenges

### Industrial safety

1. Zero fatalities at Drummond Ltd's operations  
**2021**
2. Maintain OHS-MS certification under the ISO 45001:2018 standard  
**Second half of 2021**
3. Reduce the accident rate throughout Drummond Ltd's operations by 20%, and the accident rate for contractors by 30%.  
**2021**
4. Continue to improve the program to strengthen the safety culture at Drummond, making progress in the execution of different activities, through the improvement of strategies in the application of biosecurity and COVID-19 prevention measures.  
**2024**
5. Continue to strengthen the program on Observations for Safe Behavior, with the launch of a new specialized app for managing observations made in the field.  
**2018-2024**

### Health

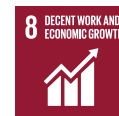
1. Keep the occupational exposure index (EI) to crystalline silica below 0.5 (the level that requires action) with the use of personal protective equipment (PPE) in 2020.  
**2021**
2. Maintain and strengthen the COVID-19 Management Program and its 15 biosecurity protocols.  
**2020-2024**
3. Establish Occupational Health and Safety to respond to the pandemic of the new coronavirus that causes COVID-19 to maintain safe and health workplaces and comply with the applicable legal requirements.  
**2020-2024**
4. Cover 100 % of the at-risk population with prevention activities.  
**2020-2024**
5. Comply with the work plan established in the COVID-19 Management Program.  
**2021**



# Relationship with unions

Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its management of its relationships with unions:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING



#### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.

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



#### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.

- Environmental sustainability
- Conservation and restoration



#### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.

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



#### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.

- Transparency and citizen oversight
- Institutional and community strengthening

## Target

**Target 8.8:** Protect labor rights and promote decent working environments, with growth opportunities, that are safe and secure for all workers.

[GRI 103-1]

Strengthening relationships with all union members remains a cornerstone for the Company. It takes on this challenge based on respect for the right of association, freedom of association, collective bargaining and, of course, complying with and fulfilling Colombian labor laws.

For this reason, managing labor relations is vitally important, not only because it is a right enshrined in the Colombian constitution, but also because Drummond Ltd. is convinced that good labor relations benefits all stakeholders, the Company's objectives and its corporate reputation.

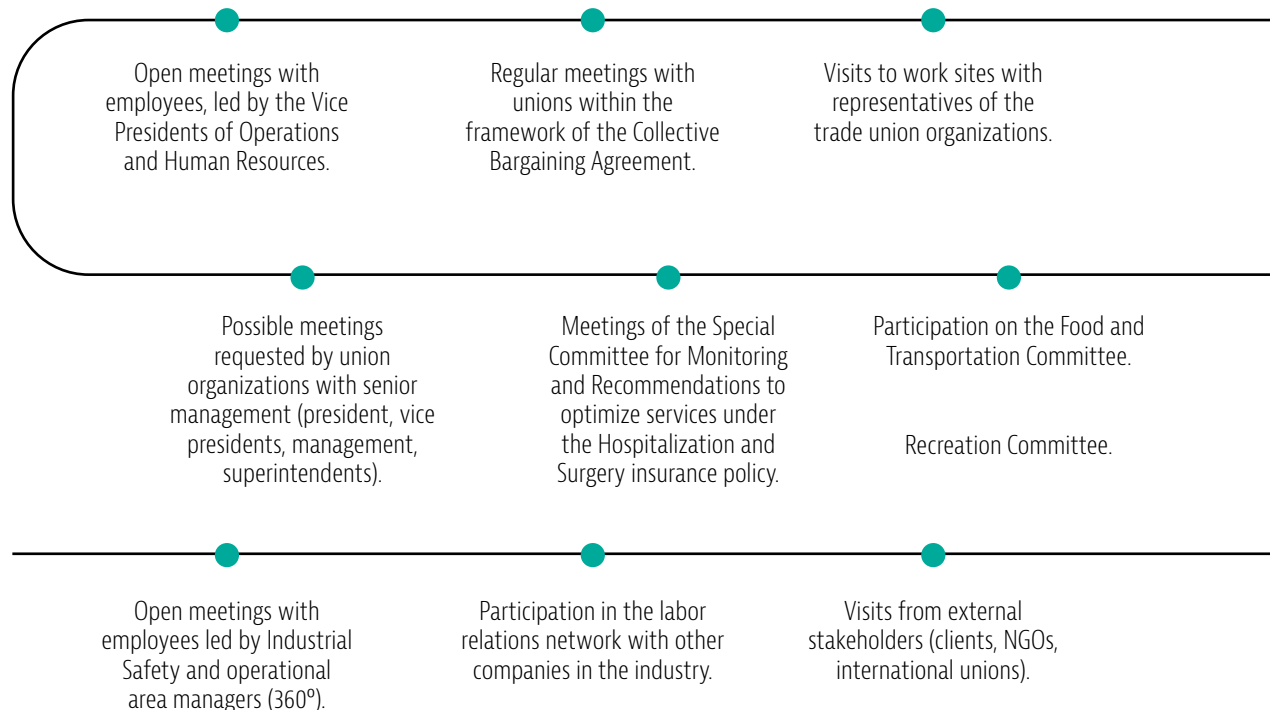
Additionally, having opportunities for social dialogue, as a mechanism for interaction with employees and their representatives, makes it possible to conduct evaluations and monitor issues of general interest to workers, and to do so the Company has the following mechanisms that allow for direct communication:

[GRI 103-2]

[GRI 103-3]

As part of managing labor relations at Drummond Ltd., continuous dialogue and fulfillment of the agreements with the different unions has allowed the parties to grow in mutual trust, so that we can describe these relationships as successful.

**Activating all of these mechanisms makes it easier for Drummond Ltd. to properly manage risks and prevent negative effects on the operations, such as strikes caused by collective disputes and judicial and/or administrative processes that could harm the Company's corporate reputation and sustainability.**





[GRI MM4]

During 2020 there were no strikes or closures, and there were no terminations or suspensions as a result of COVID-19. However, at the start of the pandemic there was a reduction in operations with its respective contingency plan, which made it possible to resume the normal course of operations gradually and safely. As a result, it is the only mining company in the region that continues to maintain jobs and contributes significantly to the development of the region and the country.

Finally, and as a complement to all of the mechanisms of social dialogue, Drummond Ltd. employees and other stakeholders have a Complaints Channel at their disposal to submit complaints, concerns and/or claims on labor and employment issues, which guarantees absolute confidentiality.

This channel has been structured and developed as a result of the Business Ethics Program and as a complement to the corporate policies on Human Resources, Human Rights and Conflicts of Interest and its Code of Conduct.

This mechanism can be accessed in the following ways:

**EMAIL**

denuncias@drummondLtd.com

**TELEPHONE**

**Ethics Line  
- Toll Free**

01 8000 919161

**Direct line**

57 (5) 571 9499

Internal extension: 8499

**ONLINE PORTAL  
FOR CITIZEN SERVICES**

**MAILING  
ADDRESS**

Calle 72 No. 10-07,  
Suite 1302  
Bogotá, D.C.

All communications sent through these mechanisms are managed and answered by a committee, which includes members of Drummond Ltd.'s senior management, for purposes of guaranteeing the transparency and confidentiality of the information provided.

[GRI 402-1]

**MINIMUM NOTICE PERIODS  
FOR OPERATIONAL CHANGES**

The Company does not have minimum time periods for reporting on operational changes; each change is analyzed independently according to its complexity and is communicated to stakeholders in a timely manner.

Drummond Ltd., in accordance with its mechanisms for social dialogue and the situation caused by the COVID-19 pandemic, has strengthened its corporate communications channel to report on operational changes through emails, memos, newsletters, press releases, billboards and newspaper and magazine publications, as it did when communicating the cutbacks in mining operations and their progressive return.



[GRI 407-1]

## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Drummond Ltd. is a company that fully respects human rights and this, naturally, includes the freedom of association and the right to collective bargaining. In order to ensure these rights, we have not only made this respect, protection and promotion official through our Code of Conduct and other policies, but we also strive to fully comply with them in our everyday actions, which allows us to state that there is no risk of activities or

actions inside the Company that violate the right of any worker to form unions, join or leave them, or to present a list of demands to begin a collective bargaining process.

Along these same lines, the Company has the appropriate means to communicate the steps that it has taken to promote and protect this right in all of our operations, such as:

9

Currently, Drummond Ltd. has nine labor union organizations



If there are any complaints, concerns or claims regarding respect for these rights, in addition to the mechanisms provided under Colombian labor law, we also have the measures that we have mentioned above.

## Milestones

For the Company, it is very important to highlight that, during 2020, Drummond Ltd. maintained employment levels with all of the extra-legal and collective bargaining benefits that its employees enjoy, and did not suspend any employment agreements, in spite of the difficult conditions caused by COVID-19 and the crisis in the domestic and international coal market.

## Challenges for 2021

Carry out the commitments acquired in the different collective bargaining agreements and continue working to maintain good working relationships that make it possible to achieve the Company's objectives, while encouraging the personal and professional development of its employees.



## YESID SOTO GARCÍA

COMFACESAR, EDUCATIONAL  
AGENT IN LA AURORA,  
MUNICIPALITY OF CHIRIGUANÁ

**"Drummond Ltd.'s commitment** to its communities in 2020 was to continue contributing to improving their quality of life and including them in society in terms of job opportunities, which is a problem today at the national level.

Our main objective as a Drummond Ltd. partner was to help people from the communities have a better quality of life and be included in society to receive education. We know that because of work, violence or dropping out, many people did not continue their studies, and we are here for them. We receive them, train them and help them graduate from elementary school through the Alfabetízate project." ■

**"Drummond Ltd.'s commitment to its communities in 2020 was to continue contributing to improving their quality of life and including them in society in terms of job opportunities, which is a problem today at the national level."**

# Community Relations





Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its community relations it contributes to:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING

|   |   |
|---|---|
|  <h4>PEACE AND HUMAN RIGHTS</h4> <p>Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.</p> <ul style="list-style-type: none"> <li>• Training and promotion</li> <li>• Peace and social dialogue</li> <li>• <b>Coexistence and conflict resolution</b></li> </ul>     |  <h4>ENVIRONMENTAL PERFORMANCE</h4> <p>Strengthen business capabilities that ensure world-class environmental performance.</p> <ul style="list-style-type: none"> <li>• Environmental sustainability</li> <li>• <b>Conservation and restoration</b></li> </ul>                             |
|  <h4>COMPREHENSIVE DEVELOPMENT</h4> <p>Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.</p> <ul style="list-style-type: none"> <li>• <b>Education and training</b></li> <li>• <b>Creating opportunities</b></li> <li>• Work environment</li> </ul> |  <h4>GOVERNANCE FOR DEVELOPMENT</h4> <p>Strengthen local capacities for greater efficiency in planning and public administration.</p> <ul style="list-style-type: none"> <li>• Transparency and citizen oversight</li> <li>• <b>Institutional and community strengthening</b></li> </ul> |

## Targets

**Target 2.a:** Increase investment in rural areas to improve agricultural productivity.

**Target 2.3:** Double agricultural productivity and incomes through secure and equal access to land, productive resources and inputs, knowledge, financial services, markets and opportunities.

**Target 2.4:** Ensure the sustainability of food production systems and implement resilient agricultural practices that increase productivity and production.

**Own target:** Support activities to combat health crises caused by transmissible diseases, strengthening the healthcare sector to provide quality services and social well-being.

**Target 4.1:** Help the girls and boys in the area of influence of Drummond Ltd.'s operations to have quality education that enables them to have relevant and effective learning outcomes.

**Target 4.2:** Ensure that all girls and boys have access to quality early childhood care and development and pre-primary education so that they are ready for primary education.

**Target 4.3:** Ensure that all men and women in the area of influence of Drummond Ltd.'s operations have opportunities to access quality technical, vocational and tertiary education, including university.

**Target 4.6:** Help all youth and at least a substantial proportion of adults, both men and women, in Drummond Ltd.'s area of influence, have reading, writing and numeracy skills.

**Target 4.a:** Build and upgrade education facilities that are child, disability and gender sensitive, and that provide safe, non-violent, inclusive and effective learning environments for all residents of the communities in Drummond Ltd.'s areas of influence.

**Target 4.c:** Contribute to the training and qualification of the educational practices of the teachers in Drummond Ltd.'s area of influence.

**Target 6.b:** Support and strengthen the participation of local communities for improving water and sanitation management.

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

**Target 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional infrastructure, to support economic development and human well-being.

**Target 16.1:** Significantly reduce all forms of violence and human rights violations at the Company's various locations and among its stakeholders.

**Target 17.17:** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.



[GRI 103-1]

The relationship with the communities in the area of influence of Drummond Ltd.'s mining and port operations is essential for the Company, since, from a risk and opportunity management perspective, **a good relationship builds trust and guarantees its social license to make the operation sustainable.** Through strengthening local capacities and a commitment to having a positive impact, Drummond Ltd. adds value to its communities, transforming the region with the aim of achieving sustainable development.

Due to this relationship with its communities, Drummond Ltd. provides opportunities for dialogue and development, for building social fabric and for communication and information, which allow it to understand the expectations and interests of its stakeholders, helping to consolidate relationships of respect and

co-responsibility. The proper management of those interests and expectations is reflected in a solid reputation and maintaining its social license to operate. To do so, Drummond Ltd. identifies and manages issues that are relevant to its stakeholders by establishing the following criteria:

ILLUSTRATION 5.

**Criteria for identifying the stakeholders that are directly or indirectly linked to Drummond Ltd.'s operations**



**NEARNESS:**

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

**INFLUENCE:**

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

**DEPENDENCE:**

Stakeholders who depend on the organization's activity, which includes employees, contractors and suppliers.



**REPRESENTATION:**

People or organizations with regulatory, religious and cultural/ traditional structures, which include the church, cultural foundations and folklore groups.

**RESPONSIBILITY:**

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

Drummond Ltd. recognizes that relations with the communities and various stakeholders located in the area of influence of its operations are fundamental in the development of its activities. **For this reason, it designs and implements strategies to maintain and improve community-company relations,** mainly through an effective and constant dialogue that guarantees a good relationship.

**A COMMITMENT TO THE COMMUNITIES**

[GRI 103-2]  
[GRI 102-17]

Continuous improvement to Drummond Ltd.'s processes is essential to maintaining the sustainability of the operation. **In the case of relationships with its communities, the Company has three objectives in the search for a suitable approach and constant communication:**

|  |   |  |
|--|---|--|
| <p><b>Objetive 1:</b></p> <p>Guarantee and optimize conditions for coexistence and having productive dialogue between the Company and the community.</p> | <p><b>Objetive 2:</b></p> <p>Promote and encourage projects that improve local skills in the area of influence.</p> | <p><b>Objetive 3:</b></p> <p>Maintain constant communication with the community, social organizations and government institutions.</p> |
|--|---|--|

In order to respond to the challenges posed by these objectives, Drummond Ltd. has different mechanisms, tools and channels to promote management, communication and open dialogue:

**Objetive 1:** Guarantee and optimize conditions for coexistence and having productive dialogue between the Company and the community.



**COMMUNITY RELATIONS POLICY**

It establishes the guidelines for the way Drummond Ltd. conducts its relations with the communities in its area of influence, the importance of this relationship for the Company, and the way in which strategies are designed to ensure compliance with the law, respect for human rights, conditions of coexistence and good dialogue with stakeholders, maintaining and strengthening its social license to operate.  
<https://www.drummondLtd.com/wp-content/uploads/SIG-4631-CommunityRelationsPolicy.pdf>



**EXTERNAL COMMUNICATION**

Disclosure of information through the Company's communication and information channels: social media, press releases, radio programs and advertising, publications in newspapers and magazines, informational email messages, website and technological media.



**INTERNAL COMMUNICATION**

Disclosure of information through internal channels: emails, physical and digital billboards, press releases, the *Revista Drummond* magazine, website and newsletters.

**DRUMMOND LTD. CONDUCTS ITS RELATIONSHIPS WITH THE VARIOUS STAKEHOLDERS IN THE COMMUNITY ACCORDING TO THE PRINCIPLES OF RESPECT AND CONSTANT COMMUNICATION, HELPING TO BUILD TRUST AND CO-RESPONSIBILITY IN THEIR INTERACTIONS.**



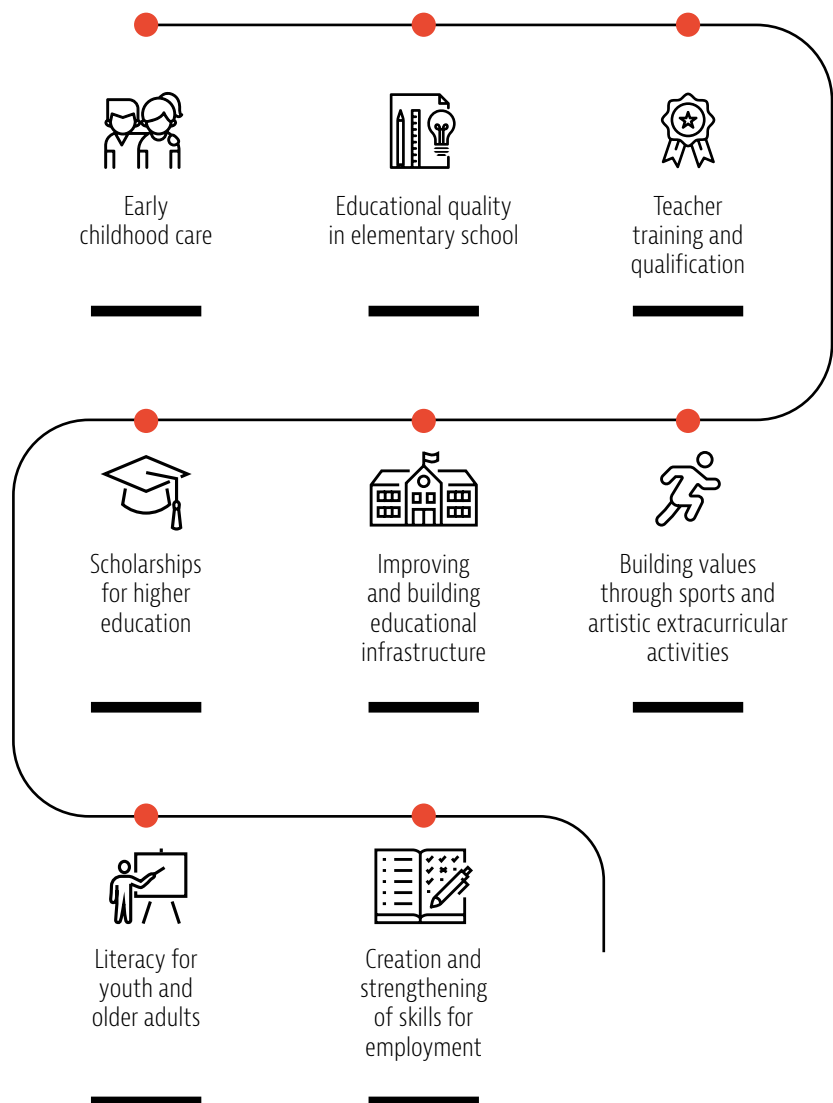
## Objective 2: Promote and encourage projects that improve local skills in the area of influence.

**SINCE THE START OF ITS OPERATIONS IN COLOMBIA, DRUMMOND LTD., HAS DEVELOPED PROGRAMS AND PROJECTS THAT STRENGTHEN AND IMPROVE LOCAL CAPACITIES IN ITS AREA OF INFLUENCE, AS STATED IN ITS CORPORATE SOCIAL RESPONSIBILITY STRATEGY THROUGH ITS FOUR PILLARS: PEACE AND HUMAN RIGHTS, GOVERNANCE FOR DEVELOPMENT, COMPREHENSIVE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE.**

Even when its actions are aimed at promoting its human talent, generating employment and income, training and promoting human rights, peace, coexistence and reintegration, strengthening enterprise and productive units, culture, sports and institutional and community strengthening, Drummond Ltd.'s main commitment is focused on education

and training as the best option to facilitate access to opportunities and promote social development. For this reason, it develops programs and projects that have an impact from early childhood to higher education, including literacy programs for young people and older adults, training for employment and advancement, and building educational infrastructure.

ILLUSTRATION 6. Actions to strengthen education and training



During 2020, projects managed 100% by Drummond Ltd. were developed in the sectors mentioned above in consultation with local, regional and national governments, agreements with non-governmental organizations, and others. They not only contribute to the social development of the areas of influence, but also align all of their work with the fulfillment of the sustainable development objectives:

**STRATEGIC APPROACH: STRENGTHENING BUSINESSES AND INCOME GENERATION**



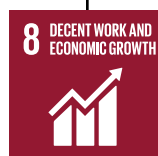
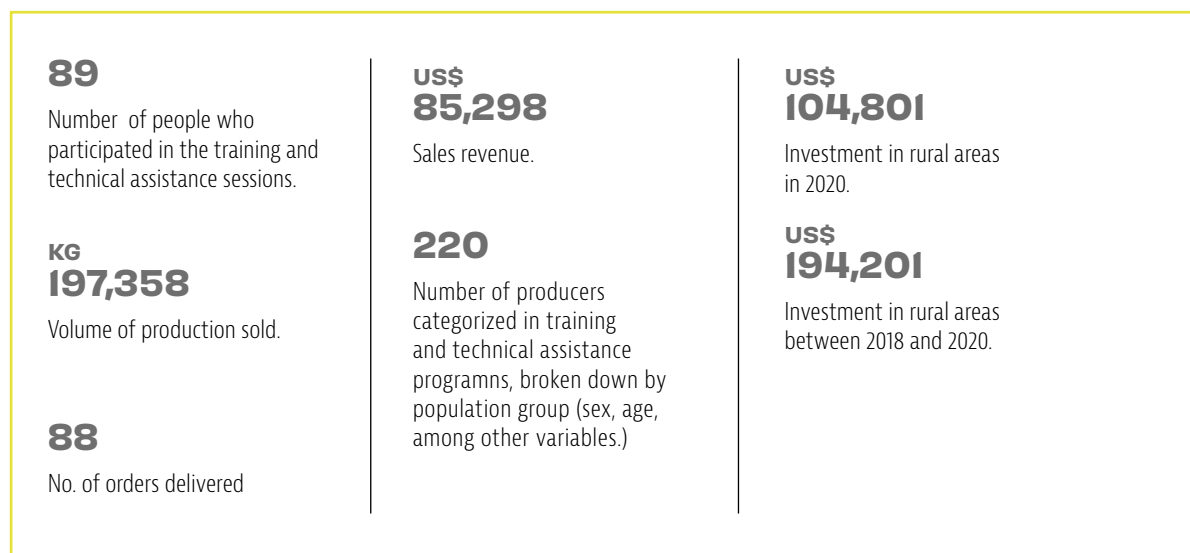
**DEVELOPMENT OF LOCAL PRODUCERS**

Develop a food supply model for small producers in the area of influence in the department of Cesar, in the municipalities of Becerril, La Jagua de Ibirico and Agustín Codazzi.



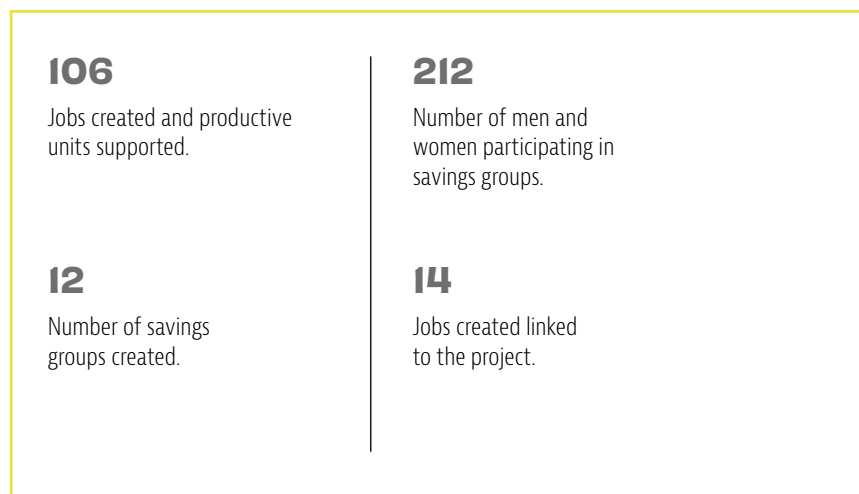
**Targets**

- 2.3
- 2.4
- 2.a



**Target**

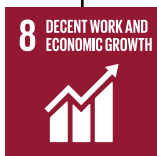
- 8.3





### SOCIAL ENTREPRENEURSHIP CENTER (CES BOQUERÓN)

Build and equip the Center for Social Entrepreneurship (CES Boquerón) to make it possible to take actions that promote entrepreneurship and the creation of new jobs as alternatives for generating income for the benefit of community members.



Target  
8.3

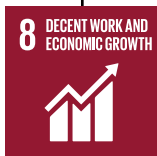
**US\$ 48,622**

Investment for entrepreneurship.



### SOLUTEAM AND XENZA ENTERPRISES

Develop entrepreneurship and income generation skills in young people from the area of influence of the port operations.



Target  
8.3

**15**

Jobs created and productive units supported.

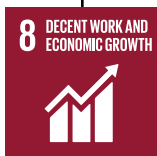
**US\$ 8,127**

Investment for entrepreneurship.



### ENTREPRENEURSHIP INCUBATOR (mining corridor)

Support sustainable productive initiatives, providing advice and support for creating business plans, strengthening administrative, financial and organizational skills, and identifying financing sources to leverage ventures with vulnerable populations in their initial phase.



Target  
8.3

**161**

Productive units supported.

**US\$ 46,677**

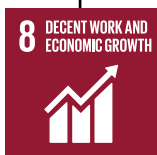
Investment for entrepreneurship.





**ENTREPRENEURSHIP  
INCUBATOR (railroad corridor)**

Support sustainable productive initiatives, providing advice and support for creating business plans, strengthening administrative, financial and organizational skills, and identifying financing sources to leverage ventures with vulnerable populations in their initial phase.



**Target**  
8.3

**138**

Productive units supported.

**US\$ 217,673**

Investment for entrepreneurship.



**STRENGTHENING  
FOOD SECURITY (home gardens)**

Initiative to implement a model aimed at strengthening capacities and generating opportunities to produce food that contributes to the community's food security and nutrition. It promotes healthy eating, nutritional habits and lifestyles, and helps to strengthen community support networks.



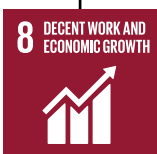
**Targets**  
2.3  
2.4  
2.a

**40**

Number of people who participated in the training and technical assistance sessions.

**US\$ 16,267**

Investments in rural areas.



**Target**  
8.3

**40**

Productive units supported.



### SUPPORTING RURAL SINGLE MOTHERS

Activates production processes related to poultry farming, making it possible for mothers who are heads of households to earn income and generate a socio-entrepreneurial dynamic in the region.



#### Targets

2.3  
2.4  
2.a

**25**

Number of people who participated in the training and technical assistance sessions.

US\$  
**43,346**

Investment in rural areas.



#### Target

8.3

**25**

Productive units supported.

**IN 2020, DRUMMOND LTD. SUPPORTED 25 RURAL SINGLE MOTHERS.**

### STRATEGIC APPROACH: EDUCATION AND TRAINING



### LANGUAGE AND MATH

Teacher training on pedagogical practices to develop elementary school students' skills in reading, writing and mathematical logical thinking.



#### Targets

4.1  
4.c

**5,807**

Number of boys and girls in elementary school with access to programs to improve educational quality and strengthen skills in mathematics and language.

**18**

Number of education center whose teachers have received education training related to pedagogical work.

**US\$ 52,297**

Investments in educational quality in 2020.

**7**

Number of schools whose teachers have received education and training.

**214**

Number of teachers who have received education and training related to pedagogical work.

**US\$ 147,864**

Investments in educational quality from 2018 to 2020.



**UNIVERSITY SCHOLARSHIPS**

Helps young people in the areas of influence of Drummond Ltd.'s operations have opportunities to access quality technical, vocational and higher education, including university education. Rewards the academic excellence of the students who have graduated from public schools in the municipalities in the area of influence.



**Target**  
4.3

**167**

Total number of scholarship recipients.

**US\$ 287,569**

Investments in higher education.

**US\$ 1,683,293**

Investments in higher education from 2006 to 2020.



**ALFABETÍZATE**

Reduce the illiteracy rate in the population of the municipalities of El Paso, La Jagua de Ibirico, Agustín Codazzi, Chiriguaná and Becerril to facilitate access to education and have a positive social impact on the quality of life of these populations.



**Target**  
4.6

**1,515**

Number of people over age of 14 participating in the *alfabetizate* project who have achieved at least a fixed level of functional competence in a) literacy and b) elementary math concepts.

**247**

Students participating in cycle II, corresponding to 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> grades.

**US\$ 66,289**

Investments in literacy in 2020.

**17**

Number of education sites.

**US\$ 321,516**

Investments in literacy from 2018 to 2020.

**1,268**

Students participating in cycle I, corresponding to 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> grades.





### IMPROVEMENT, CONSTRUCTION AND UPDATING OF EDUCATIONAL INFRASTRUCTURE

Reduce the educational gap between rural and urban areas with the construction, improvement and updating of public schools in the area of influence.



Target  
4.a

|  |   |  |
|--|---|--|
| <b>6</b><br>Number of educational infrastructure projects completed in 2020. | <b>US\$ 427,578</b><br>Investment made in the construction and/or updating of educational infrastructure. | <b>2,798</b><br>Number of beneficiaries. |
|--|---|--|

### STRATEGIC APPROACH: INSTITUTIONAL AND COMMUNITY STRENGTHENING



#### TRAINING FOR CIVIL SERVANTS AND COMMUNITY LEADERS

Train civil servants and community leaders on the formulation, management and evaluation of projects in the municipalities in the departments of Cesar and Magdalena.



Target  
16.6

|   |   |
|---|---|
| <b>70</b><br>Number of people who benefitted from programs aimed at community participation and building local capacities for efficient and transparent resource planning and management. | <b>US\$ 28,987</b><br>Investment in institutional and community strengthening programs. |
|---|---|

**DRUMMOND LTD. TRAINS CIVIL SERVANTS AND COMMUNITY LEADERS ON THE FORMULATION, MANAGEMENT AND EVALUATION OF PROJECTS.**



**IMPROVEMENT OF INSTITUTIONAL AND COMMUNITY INFRASTRUCTURE**

Provide value to communities, not only in the construction of new infrastructure projects, but also in the maintenance of existing ones, building and updating reliable, sustainable, resilient and high-quality infrastructure to support economic development and human well-being.



**Target**  
9.1

**US\$ 1,188,117**

Investment made in sustainable infrastructure projects.

**9**

Number of sustainable infrastructure projects.

**184,875**

Number of beneficiaries.

**STRATEGIC APPROACH: PROMOTION OF HUMAN RIGHTS AND PEACE**



**PROJECTS TO BUILD PEACE AND RECONSTRUCT SOCIAL FABRIC**

Promotes values and skills in children in the area of influence, strengthening family ties and protective environments to ensure the rights of children and young people through an environment of coexistence and reconciliation.



**Target**  
16.1

**268**

Number of people benefitting from projects focused on reducing violence and building peace.

**US\$ 46,878**

Investments projects to build peace and reconstruct the social fabric.

**STRATEGIC APPROACH: ENVIRONMENTAL EDUCATION**



**GREEN POPULATIONS PROGRAM**

Restore and protect urban and rural areas in the area of influence, promoting the sustainable use of ecosystems.



**Target**  
15.2

**3,882**

Number of trees donated to the communities in the area of influence.

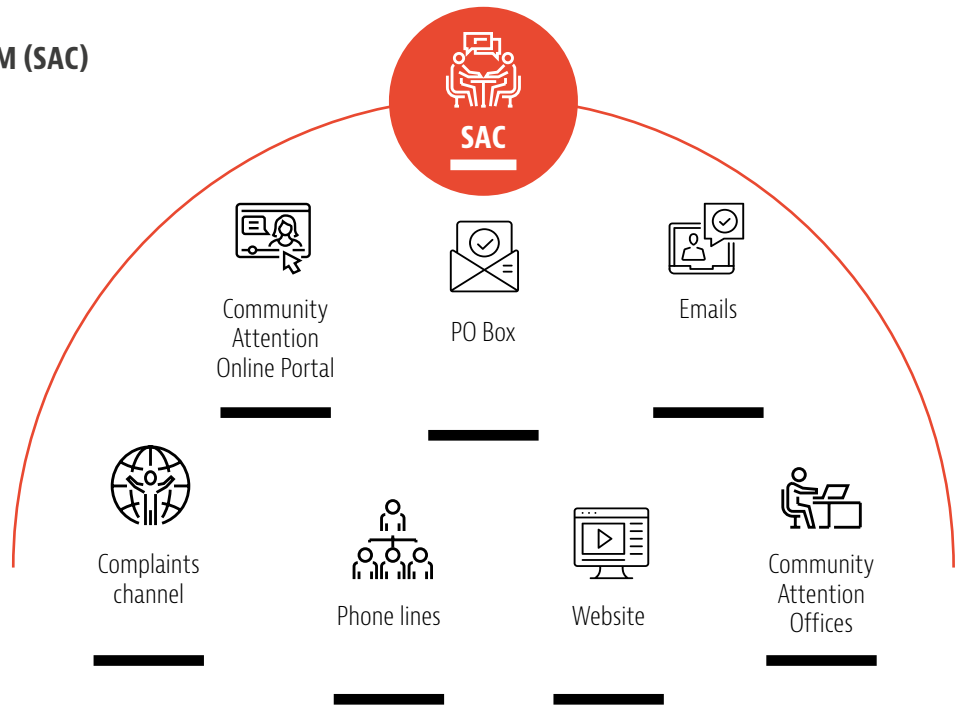
**US\$ 9,045**

Investments in green communities.



### Objective 3: Maintain constant contact and dialogue with different community stakeholders.

#### CITIZEN SERVICES SYSTEM (SAC)



**DURING 2020, THE CITIZEN SERVICES SYSTEM WAS STRENGTHENED AND THE ONLINE CITIZEN SERVICES PORTAL WAS IMPLEMENTED TO MANAGE REQUESTS, COMPLAINTS, CLAIMS, SUGGESTIONS AND CONGRATULATIONS.**

At Drummond Ltd., strengthening relationships with its stakeholders is an essential part of its relationship strategy. Communication channels have been maintained to receive and listen to all requests. During 2020, the Cit-

izen Services System was strengthened and the Online Citizen Services Portal<sup>25</sup> was implemented to manage requests, complaints, claims, suggestions and congratulations. This new channel aims to achieve the following objectives:

#### OFFERING

An online portal for the public that makes it possible to systematically and anonymously, if necessary, register cases by category related to specific topics, making this work more efficient.

#### CENTRALIZING

Information from all cases received by the community services offices and via email, guaranteeing a high level of security and confidentiality for their handling.

#### AUTOMATICALLY

Generating reports by category, location, response and type of case for auditing, monitoring and measuring results.

#### COMPREHENSIVELY

And transparently managing cases through the online portal, receiving feedback and measuring effectiveness in responding to requests.

25. <https://drummond.boreal-is.com/portal/drummond>

This implementation of the Online Portal arose as part of Bettercoal's Continuous Improvement Plan, as a guide to strengthen best practices with different stakeholders.

The Online Citizen Services Portal for managing citizen services cases is integrated into the Borealis software and contributes to the organization of Drummond Ltd.'s Citizen Services System, which, according to its guidelines on human rights and following international standards, uses a case management flow based on processes and sub-processes that allow the Company to implement the corresponding internal procedures and develop a relationship with the citizen.

During 2020, training and education processes were carried out for platform administrators, who will be the leaders of each of the Company's departments, responsible for managing all requests and helping the Services System strengthen ties with the community and stakeholders to maintain a dynamic of participation and constant

communication, within the corporate social responsibility guidelines.

Communicating to communities, contractors, employees and stakeholders, in general, about the channels available to receive their requests is greatly important for the Company, since it allows us to receive their feedback as users and helps to improve processes. For Drummond Ltd., it is of vital importance to ensure that these options are used and a constant dialogue is maintained, acting with transparency and in accordance with the principles to effectively manage and respond to requests, consistent with the eight ICMM (International Council on Mining and Metals) efficiency criteria in its guide 'Handling and Resolving Local-Level Concerns and Grievances: Human rights in the mining and metals sector'<sup>26</sup>.

## 2020

During 2020, training and education processes were carried out for platform administrators, who will be the leaders of each of the Company's departments.

### HUMAN RIGHTS AND RISK ASSESSMENT PROCESS

The implementation of this Online Portal included the option for the platform administrator to conduct a human rights evaluation of all of the citizen services cases received. When submitting a request, the administrator must determine whether or not the citizen is referring to circumstances that correspond to a human rights violation or if there is any violation of their rights.

This measure is a response to the improvement in practices and the commitment to align the company's work with international human rights standards, which recommend that companies have effective mechanisms

for handling requests. This means they must be legitimate, accessible, predictable, equitable, transparent, and compatible with human rights, a source of continuous learning and based on participation and dialogue. These characteristics coincide with the U.N. Guiding Principles on Business and Human Rights, the ICMM, the OECD Guidelines for Multinational Corporations and ISO 26000. To these characteristics, Drummond Ltd. expressly adds respect for citizens who submit requests to the Citizen Services System, implicit in the aforementioned standards, the possibility of confidentiality and even anonymity, if requested.

**IN 2021, THE COMPANY WILL FORMALIZE ALL THE DOCUMENTS RELATED TO HANDLING REQUESTS, COMPLAINTS, CLAIMS, SUGGESTIONS AND CONGRATULATIONS, UPDATING ITS USER SERVICES MANUAL.**

<sup>26</sup>. Guide: 'Handling and Resolving Local-Level Concerns and Grievances: Human rights in the mining and metals sector.' <https://www.icmm.com/website/publications/pdfs/social-performance/2019/es/es-grievance-mechanism.pdf>

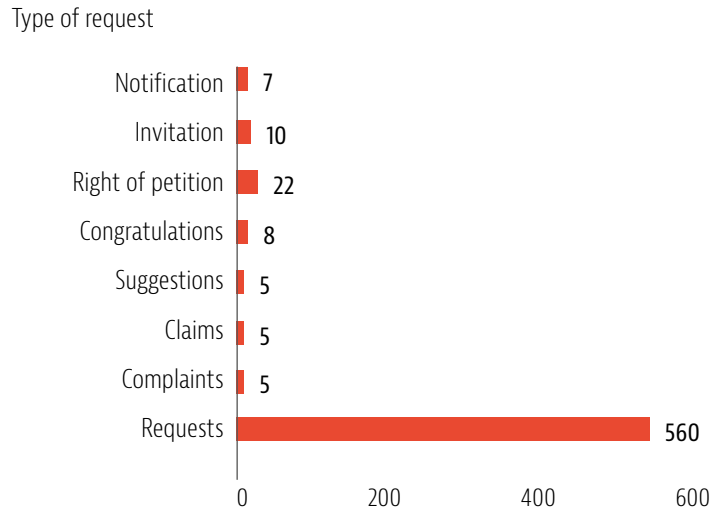


**DRUMMOND LTD.  
IS COMMITTED TO  
RESPONDING TO  
CITIZEN SERVICES  
CASES, GUARANTEEING  
ACCESS AND ASSISTANCE  
IN RESPONSE TO  
POSSIBLE EFFECTS ON  
AND/OR VIOLATIONS  
IN THE EXERCISE OF  
CERTAIN RIGHTS,  
CREATING SPACES FOR  
COMMUNICATION THAT  
ARE ACCESSIBLE, TIMELY  
AND EFFICIENT.**

**RESPONSE TO REQUESTS, COMPLAINTS, CLAIMS,  
SUGGESTIONS AND CONGRATULATIONS, 2020**

During 2020, **622 cases** were received, which were analyzed using the following indicators:

GRAPHIC 21.  
Distribution of requests by type



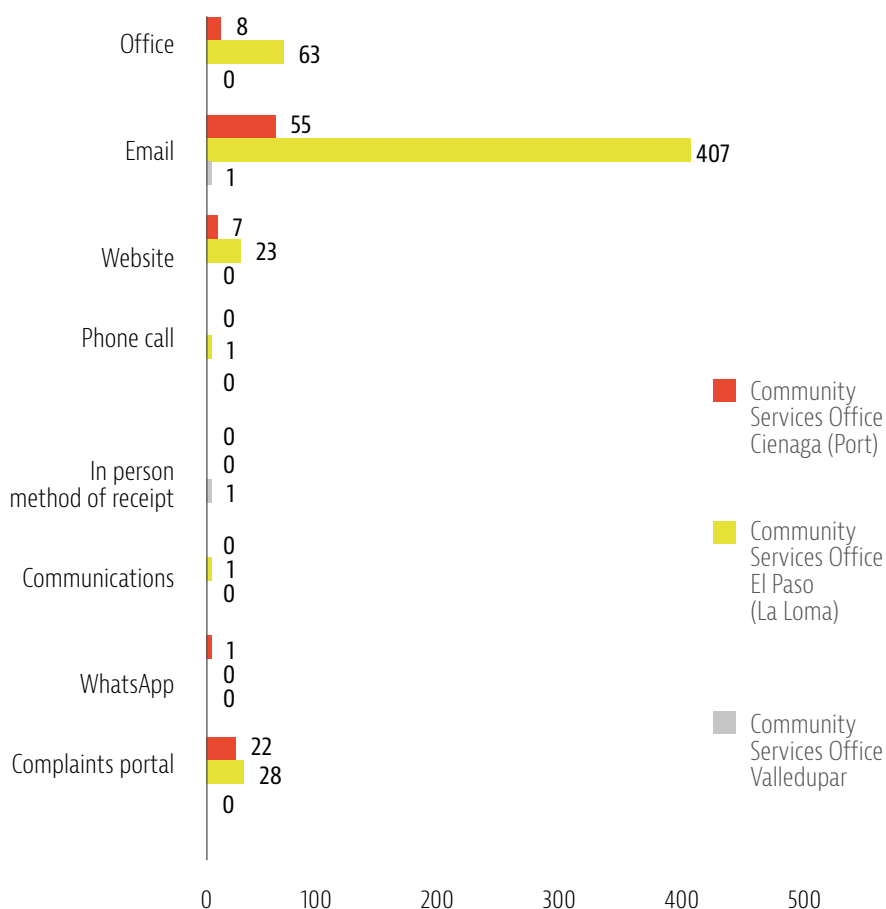
During 2020, the Citizen Services System received 622 submissions, which were classified as 560 requests, 7 notifications, 10 invitations, 22 rights of petition, 8 congratulations, 5 suggestions, 5 claims and 5 complaints.

According to the analysis conducted, the requests (the most common type of submission) were classified based

on the request made by the stakeholders. For 2020, the most representative requests were: donations (meaning requests caused by COVID-19: food, medical supplies, biosafety items, drinking water), economic support, visits to the mine, tree donations, logistical support for events, supplier registrations, hospital equipment, machinery loans, among others.



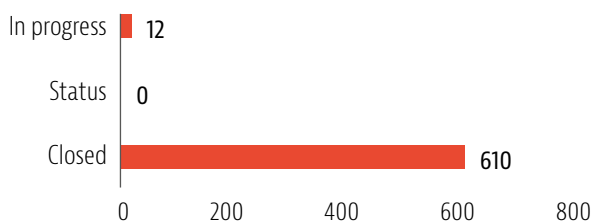
GRAPHIC 22.  
**Distribution of requests by service channel and community services office**



**Drummond Ltd. has different channels to handle citizen services cases, either in-person at the community services offices in La Loma, La Jagua de Ibirico and Valledupar, and Puerto Drummond in Ciénaga, or online through the email addresses [atencionalusuario@drummondlt.com](mailto:atencionalusuario@drummondlt.com) and [atencionalusuariop@drummondlt.com](mailto:atencionalusuariop@drummondlt.com). There is also the Online Citizen Services Portal linked to the Company’s website, through the phone lines established for that purpose, or the Complaints Channel, created exclusively to address situations related to possible behaviors involving any form of bribery or corruption, violation of ethical and corporate standards, or questions about the application of the Business Ethics Program.**

This is the status of the applications at the end of 2020:

GRAPHIC 23.  
**Distribution of requests by status**



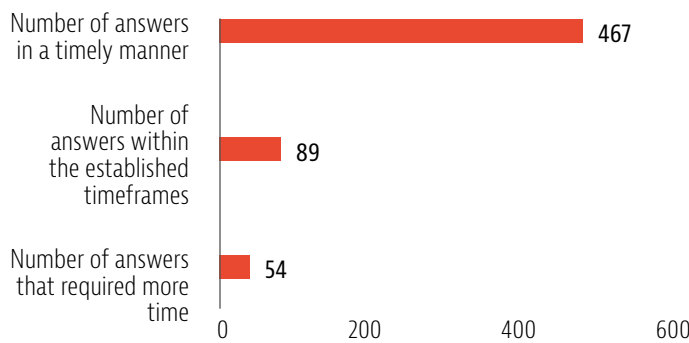
**610**  
 closed requests



The reason why some requests are still in process is that the response requires special review or they are issues related to the allocation of resources, inclusion in investment plans or processes with

third parties that require mandatory permits, such as, for example, requests related to environmental matters: donations of wood, etc.

GRAPHIC 24.  
Number of responses / Resolution time



**467**  
requests were answered in a timely manner; that is, within the 15 business days established.

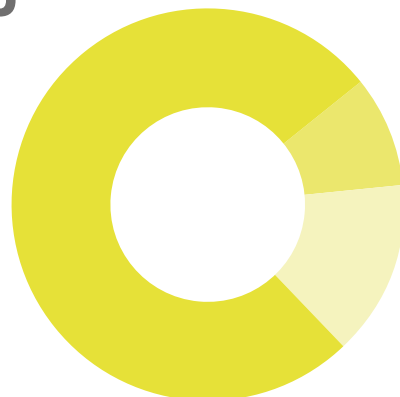
Of the 610 closed requests, 467 were resolved in a timely manner, that is, within 15 business days; 89 requests were processed within the 30 business days legally provided for any query or request that requires analysis and

evaluation by the Company, informing the user of the state of progress, and 54 requests required more time to process, providing the proper status information to users.

GRAPHIC 25.  
Percentage of responses / Resolution time

**76.6%**

Number of answers in a timely manner (467)



**8.9%**

Number of answers that required more time (54)

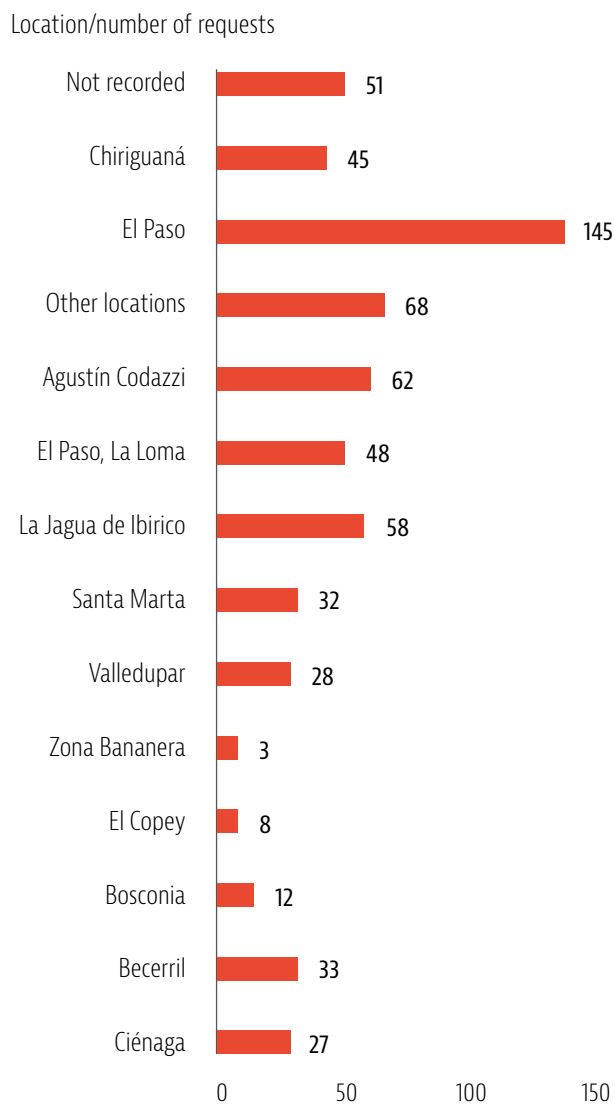
**14.6%**

Number of answers within the established timeframes (89)

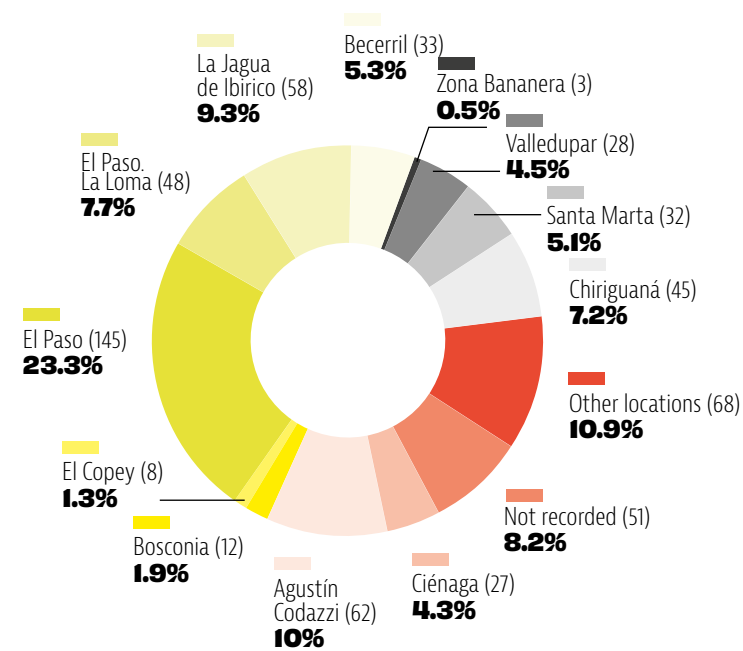
The timely response indicator for citizen services cases during 2020, was **76.6 %**, compared to the indicator for the previous year of 79.1 %.

The response indicator in number of days for 2020 was 16.3 calendar days.

GRAPHIC 26.  
Distribution of requests by municipality



GRAPHIC 27.  
Percentage of requests by municipality



Of the requests registered in 2020, 80.4% came from people from the municipalities in the mining, railway and port corridor. It is worth highlighting the fact that 10.9% came from people from inside and outside country, and from the Caribbean area, but that are not part of the municipalities in the mining area of influence: Bogotá, Medellín, Cúcuta, Curumaní, Cartagena, Houston, Miami, etc., and 8.2% did not record their place of origin in their requests.





[GRI 103-3]

### MANAGING STAKEHOLDER EXPECTATIONS

Drummond Ltd. uses different practices to ensure that it manages stakeholder expectations; its main practices include:



#### OPINION SURVEYS CONDUCTED IN THE COMMUNITIES EACH YEAR

Mechanism used as feedback to identify opportunities for improvement in the processes and intervention in the communities.



#### EXTERNAL AUDITS

- Annual report to the competent authorities: Environmental Compliance Reports and to the National Environmental Licensing Authority (ANLA).
- Regional Development and Communities Report: National Mining Agency (ANM).
- Audits by international customers to evaluate social, environmental and ethical practices in the coal supply chain.



#### WORK IN COORDINATION WITH DIFFERENT INSTITUTIONS, FOUNDATIONS AND COMPANIES

Seeks to replicate best practices to adapt them to the context and unique characteristics of the area of influence.

### 17 PARTNERSHIPS FOR THE GOALS



Target 17.17

### STRATEGIC PARTNERSHIPS

As part of Drummond Ltd.'s alignment with the Sustainable Development Goals, SDG 17 was established as a central concept of the company's entire Corporate Social Responsibility Strategy, prioritizing Goal 17.17, which seeks to promote the establishment of effective public, public-private, and civil society partnerships, leveraging its experience and strategies that make it possible to maximize resources for the benefit of the territory where it operates.

Drummond Ltd. understands strategic partnerships as a form of cooperation

that boosts new ideas, ventures, projects and programs, which the Company always designs to strengthen the capacities of its stakeholders in the area of influence.

Based on the CSR strategy, the institutional and community plans are incorporated as part of Drummond Ltd.'s Social Investment Plan, which covers the projects that are relevant and necessary to ensure the greatest contribution to the sustainable development of the communities, and is the Company's main tool when considering strategic partnerships.

## Strategic partners

- Municipal and departmental administrations
- Fundación Universitaria del Área Andina
- Agency for Reincorporation and Normalization – ARN
- Fundación Social de TECBACO S.A. – FUNDEBAN
- Association of Banana Growers of Magdalena and La Guajira – ASBAMA United Way Colombia
- Association of Municipal Boards, Association of Community Action Boards, Community Action Boards
- Colombian Institute of Family Welfare – ICBF
- Community business associations
- Public schools from the municipalities in the area of influence
- National Authority for Aquaculture and Fisheries – AUNAP
- National Learning Service – SENA
- Family Compensation Fund of Cesar – COMFACESAR
- Universidad del Magdalena
- Committee for Monitoring and Evaluation of the Investment of Royalties from Cesar – CSIR
- Unit for Comprehensive Assistance and Reparation to Victims
- Regional Center for Responsible Businesses and Entrepreneurship – CREER
- Agrobiz
- Colombian National Army Corporación Vital
- Soccer with Heart – FCC Casa en el Árbol Foundation – FCA
- Aprendiendo a Cooperar Foundation – FUNACO
- Colombian National Army Reserves
- Amigos Forjando Futuro Foundation
- Chamber of Commerce of Santa Marta
- BANASAN Foundation
- Colombian Food Bank Association – ABACO
- Vida Natural Foundation – FUNDAVID
- Consultorías y Proyectos del Cesar S.A.S.

### GRI [413-1]

## OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS AND DEVELOPMENT PROGRAMS

To add value to the communities from the operation's area of influence, Drummond Ltd. holds periodic labor inclusion meetings for contractors and unemployed members of the community, to make connections and promote social mobilization. The Company also has an Environmental Management Plan (that includes socio-economic aspects identified in the impact assessment), which is monitored periodically to assess the level of compliance with the commitments made and identify new interests and needs as an input for the Corporate Social Responsibility (CSR) program.

During 2020, 100% of the mining and port operations had development programs, impact evaluations and participation by the local community.

Monitoring the risks and opportunities related to social aspects is essential for Drummond Ltd.'s sustainability. Social factors that may be affected by the operation are constantly identified, taking into account various characteristics of mining and port projects, for example: duration, location of the populated areas with respect to the project area, and mine expansion plans, among others. The social factors that are taken into account for the impact assessment are the following:

# 100%

of the mining and port operations had development programs, impact evaluations and participation by the local community.



Programs proposed in the Municipal Development Plans.



This population's access to education, healthcare and recreation.



Characteristics of the population in the area of influence (location and population growth rate, among others).



The local government's capacity to generate production chains and job opportunities in other economic sectors.

The evaluation of impacts and social factors is an input for the Community Relations and Corporate Social Responsibility departments' investment projects, which are developed based on the four strategic pillars:



**PEACE AND HUMAN RIGHTS**

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.



**GOVERNANCE FOR DEVELOPMENT**

Strengthen local capacities for greater efficiency in planning and public administration.



**COMPREHENSIVE DEVELOPMENT**

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.



**ENVIRONMENTAL PERFORMANCE**

Strengthen business capabilities that ensure world-class environmental performance.

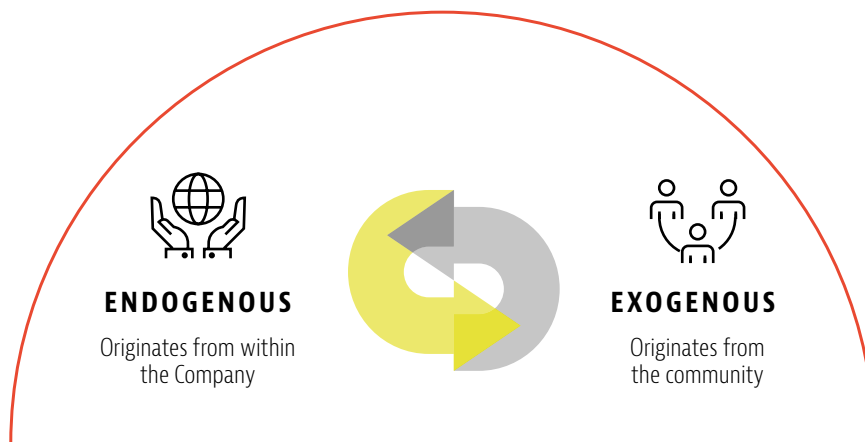


[GRI 203-1]

**LOCAL COMMUNITY ENGAGEMENT AND DEVELOPMENT PROGRAMS**

Having a relationship based on respect, growth and harmony with the communities is a core concept in Drummond Ltd's operations. The Company seeks to generate a positive impact at the local and national level, creating value by investing resources in projects that promote sustainable development.

For the allocation of resources to have a significant impact, the needs and interests of the communities are identified through a two-way evaluation:



After interests and initiatives are identified and proposed, their feasibility and scope are evaluated and their impact is determined. To strengthen this understanding of the needs, opportunities for building relationships are created through site visits to the different leaders and social actors in the municipalities of the area of influence, or through the Community Service Offices. These actions make it possible to align the objectives of invest-

ments and projects with the strategies of the Municipal Development Plans and contribute to meeting local government goals, and programs are designed and implemented for the development and benefit of the communities.

**ADDITIONALLY, REPRESENTATIVES FROM THE LOCAL AUTHORITIES AND COMMUNITY LEADERS FROM THE MUNICIPALITIES IN THE COMPANY'S AREA OF INFLUENCE ARE TRAINED ON FORMULATING PROJECTS, STRENGTHENING THEIR CAPACITIES SO THEY CAN BE CO-MANAGERS OF SOCIAL PROJECTS THAT BENEFIT THEIR COMMUNITIES.**





## INVESTMENT IN INFRASTRUCTURE AND SUPPORT FOR SERVICES

Community relations are a core concept in the development of the Company's activities. Drummond Ltd. is concerned with creating strategies that have a positive impact and contribute to creating value for the community. Below are its significant investments :

TABLE 19.  
SUMMARY TABLE TOTAL SOCIAL INVESTMENT EXECUTED IN 2020 (in US\$)

|  | Social investment   | Other social investment contributions | Total investment in 2020 |
|--|---------------------|---------------------------------------|--------------------------|
| Institutional and community strengthening      | \$ 328,007          | \$ 898,479                            | \$ 1,226,486             |
| Education and training                         | \$ 839,343          | \$ 332,581                            | \$ 1,171,924             |
| Promotion of peace and human rights            | \$ 46,878           |                                       | \$ 46,878                |
| Relationship-building social investments       | \$ 498,434          | \$ 288,608                            | \$ 787,041               |
| Strengthening businesses and income generation | \$ 493,131          |                                       | \$ 493,131               |
| Green Populations                              |                     | \$ 17,124                             | \$ 17,124                |
| <b>Total</b>                                   | <b>\$ 2,205,794</b> | <b>\$ 1,536,792</b>                   | <b>\$ 3,742,585</b>      |

During 2020, investments were prioritized in response to the urgent needs of the region due to the crisis caused by COVID-19. Health, biosafety and humanitarian aid were the primary fields of activity, followed by a second phase in which the Company looked ahead and

prepared for a safe return to activities, strengthening areas related to education, business and income generation to support an economic reactivation. At the same time, projects continued online, strengthening capacities and benefiting communities and stakeholders.

During 2020, the Annual Social Investment Plan was executed

**100%**



[GRI 413-2]  
[GRI 203-2]

### IDENTIFICATION OF RISKS AND IMPACTS ON THE POPULATION

It is the responsibility of all economic sectors, and in general of all companies, to understand the positive and negative social and environmental impacts of their activities. Despite the fact that the coal mining and transportation operations

provide economic growth and employment opportunities to the residents, Drummond Ltd. has identified the risks and impacts that may arise in the surrounding communities as a result of its economic activity.

TABLE 20.  
Main indirect negative economic and social impacts on the community

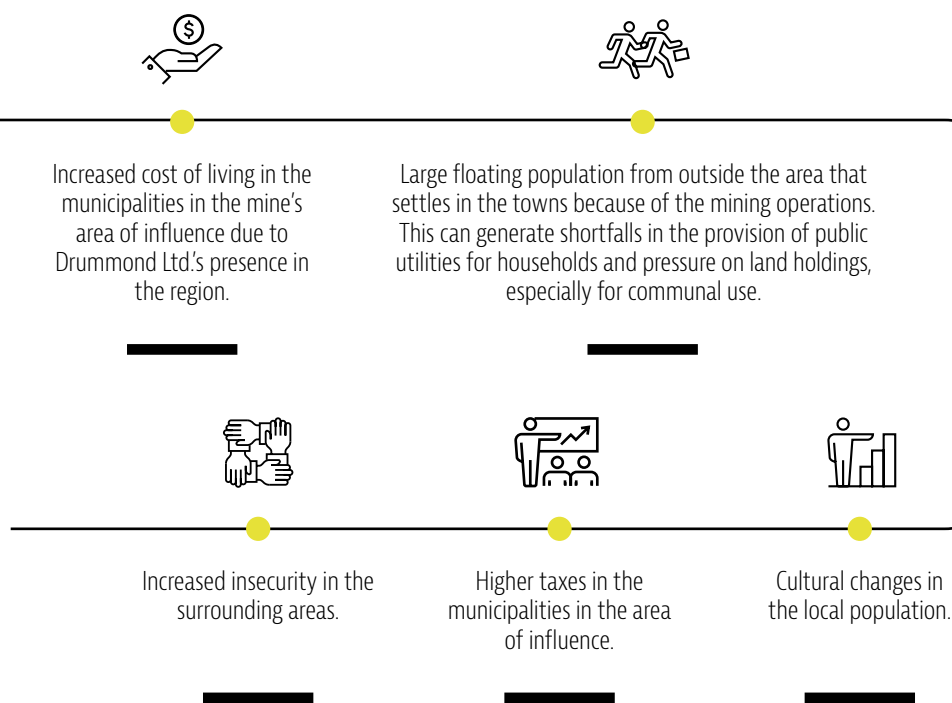
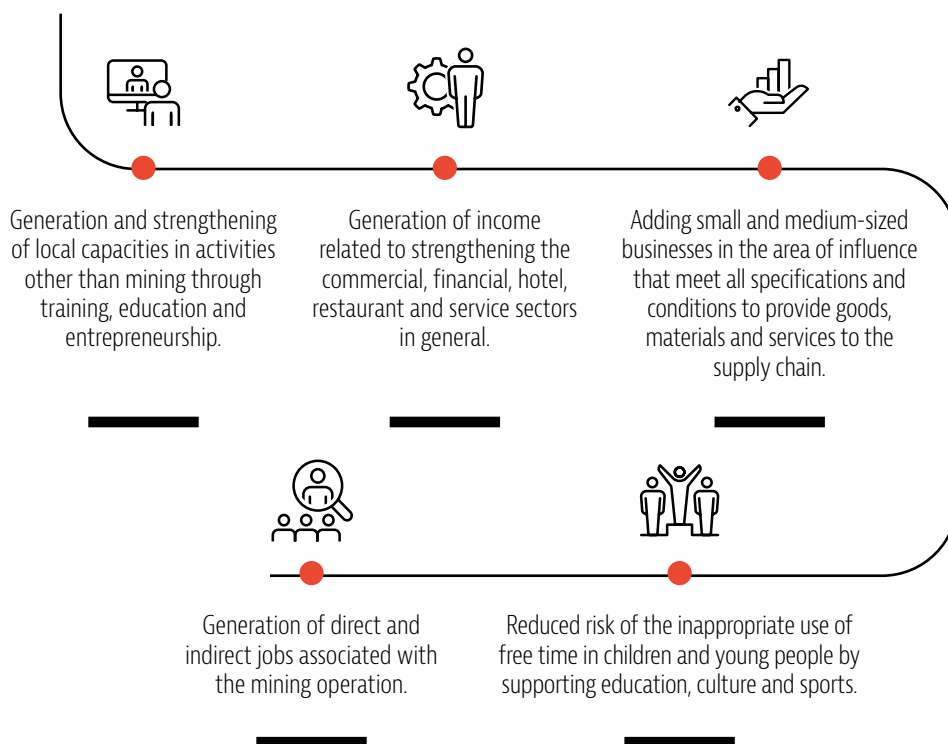


TABLE 21.  
Main indirect positive economic and social impacts on the community





By identifying the risks and impacts that Drummond Ltd. has on the communities from its operations, it develops best practices to manage and reduce these risks during all stages of the operation:

ILLUSTRATION 7.  
Best practices for risk reduction



**BEFORE ENTERING A COMMUNITY**

A baseline identification is created through the Environmental and Social Impact Assessment.



**DURING THE OPERATIONS IN THE COMMUNITY**

Throughout the project, changes are made at the socio-environmental level and the status of the impact study is updated. Then, different plans are created and the social and natural environments are strengthened.



**WHEN LEAVING THE COMMUNITY**

A closure plan is created and management and monitoring measures are forecasted, including information and community dissemination programs on the closure of the project and the restoration or compensation measures for the relevant territory.

[GRI-MM10]

**THE PLAN BASICALLY CORRESPONDS TO THE PROPOSAL FOR ALTERNATIVE USES FOR THE AREA AFTER MINING, WHICH MUST BE COMMUNICATED AND APPROVED BY THE ENVIRONMENTAL AUTHORITIES, LOCAL PUBLIC INSTITUTIONS AND COMMUNITY ORGANIZATIONS.**

**CLOSURE PLANS**

At the mining and port operations, the activities from the Closure Plans for each project must be reviewed periodically, in accordance with the licenses granted by the environmental authorities. Some phases of the closure plans are executed simultaneously with the mining, such as the ecological recovery of the dumping areas or the perimeter areas of the port. Others, such as the dismantling and/or demolition of the facilities and buildings, and the physical and chemical stabilization of the areas that were disturbed or the morphological reshaping of the land, will only be carried out after the mining ends. For this reason, it is necessary to periodically review the proposed activities and adjust them in accordance with modifications to the project and changes in the country's social, economic, legal and environmental conditions.

Therefore, within the context of the Closure Plan, it is necessary for stakeholders to be in agreement with the proposal and take it into account when preparing planning instruments such as land use plans. This plan basically corresponds to the proposal for alternative uses for the area after mining, which must be communicated and approved by the environmental authorities, local public institutions and community organizations. Finally, the Company has a budget provision for the Closure Plans for each of its operations, which is updated annually to ensure the resources necessary for their execution.

TABLE 22.  
Operations with closure plans

|  | 2020 |
|--|------|
| Total number of Drummond Ltd. operations       | 4    |
| Company operations with approved closure plans | 4    |

## DRUMMOND LTD. HAS TAKEN ACTIONS TO GENERATE SOCIO-ECONOMIC RECONVERSION PROCESSES IN THE REGION

To promote the sustainable development of the local communities beyond economic dependence on mining activities, the Company has developed a Social Management Plan as a tool led by the Corporate Social Responsibility and Community Relations departments, to strengthen local capacities and generate well-being and prosperity for the communities in the area of influence.

The Social Management Plan's strategic approaches are strengthening businesses and support for income generation, through which projects and actions are

executed to increase the positive impact of the mining operation in aspects such as managing local suppliers, promoting regional productive development and local job creation. The projects listed in this chapter, in goal No. 2, are part of these processes, designed with a view to the socioeconomic transition and a future beyond mining activities, where Drummond Ltd. is called to position itself as a change agent and strategic partner for the region.

**THE SOCIAL MANAGEMENT PLAN'S STRATEGIC APPROACHES ARE STRENGTHENING BUSINESSES AND SUPPORT FOR INCOME GENERATION, THROUGH WHICH PROJECTS AND ACTIONS ARE EXECUTED TO INCREASE THE POSITIVE IMPACT OF THE MINING OPERATION.**





## THE CLOSURE OF DRUMMOND LTD.'S PROJECTS AND THEIR COMMUNICATION

Within the framework of the progressive Closure Plan, the Company has been holding annual meetings with the communities in the area of influence to inform them about the progress made in the Environmental Management Plans for the projects and the different programs developed to benefit the communities. During 2020, the meetings were held virtually due to the conditions generated by COVID-19. However, the meetings were held at the mining operations, giving attendees the opportunity to learn about the progress of the closure plans, seeing the areas that are in recovery and have been released by the operation, to show the communities the ecological recovery protocols where food crops are used, such as sorghum, pigeon pea, beans and rice, which are

fast-growing and provide nitrogen, showing positive results and being well received by the communities.

The El Descanso project will be operational until 2063. Subsequently, it will enter a five-year closure phase and two additional years of post-closure for monitoring the closure plan. As the mining project progresses, affected areas are released so the implementation of the progressive closure plan is carried out from the start.

In terms of the La Loma project, it will be operational until 2032, contemplating the same closure and monitoring period as the one planned for the El Descanso project.

**THE EL DESCANSO PROJECT WILL BE OPERATIONAL UNTIL 2063. SUBSEQUENTLY, IT WILL ENTER A FIVE-YEAR CLOSURE PHASE AND TWO ADDITIONAL YEARS OF POST-CLOSURE FOR MONITORING THE CLOSURE PLAN.**

[GRI-MM6]  
[GRI-MM7]

## LAND USE

Complying with all legal requirements, as well as the obligations and requirements established by the environmental authorities to conduct its mining operations Drummond Ltd. responds to land restitution cases, in the administrative and judicial stages, filed by individuals who request that the State return properties that they sold in the past to third parties who, years later, sold them to Drummond Ltd.

In these cases, Drummond Ltd. continues to exercise its right of defense, opposing restitution in its capacity as a third party purchaser in good faith, and pointing out the material and legal impossibility of restitution.

During 2020 no additional requests for land restitution were filed. Proceedings on 35 properties remain underway.

## Milestones

1. The Company's social initiatives were adjusted to the COVID context, adapting plans and programs to new implementation strategies through virtual tools and hybrid work models, under strict biosafety protocols.
2. 100% of the Annual Social Investment Plan was executed.
3. The Citizen Services System was strengthened and the Online Citizen Services Portal was implemented for handling requests, complaints, claims, suggestions, congratulations and complaints.
4. **US\$ 3,742,585** million were invested in the communities in the area of influence as part of the Corporate Social Responsibility strategy.
5. **US \$ 1,817,661** million were contributed in humanitarian aid and medical and biosafety supplies.
6. **+2 Thousand** liters of drinking water were delivered to the communities.

## Challenges

1. Comply with 100% of the Social Investment Plan approved for 2021, under the conditions of the COVID context.
2. Establish a plan for disseminating communications about the Social Investment Plan's projects and programs.
3. Update the User Services Manual.



## DIANA SOLANO VARGAS

GENERAL COUNSEL FOR COLOMBIA,  
CONTRACTOR COMPANY – COMPASS,  
AND CLIENT OF THE LOCAL  
PRODUCERS PROJECT

**"Drummond Ltd.'s commitment** to its stakeholders during the pandemic was excellent in terms of risk. The actions that the Company took help to maintain the industry's economy with the quick re-opening of its mines.

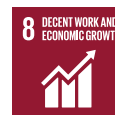
Compass is a partner in the Local Producers Development Project. Thanks to this project and the agricultural culture of the region, we were able to identify groups of small producers in the region without the need to purchase necessary supplies from areas far from the mines. Through training, support and ongoing monitoring processes with small family farmers, we were able to make this project sustainable, benefiting farming communities and recovering the agricultural history of the department of Cesar." ■

**"Drummond Ltd.'s commitment** to its stakeholders during the pandemic was excellent in terms of risk. The actions that the Company took help to maintain the industry's economy with the quick re-opening of its mines."

# Supplier and contractor management

Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its management of suppliers and contractors, it contributes to:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING



#### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.

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



#### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.

- Environmental sustainability
- Conservation and restoration



#### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.

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



#### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.

- Transparency and citizen oversight
- Institutional and community strengthening

## Targets

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

**Target 8.5:** Achieve full and productive employment and decent work for all men and women, including youth and people with disabilities, as well as equal pay for work of equal value.

**Target 8.6:** Reduce the proportion of young people who are not in employment, education or training in the communities in the area of influence.

**Target 8.7:** Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking. Also, contribute to the abolition of all forms of child labor at the Company's various locations and among its stakeholders.

**Target 8.8:** Protect labor rights and promote decent working environments, with growth opportunities, that are safe and secure for all workers.

**Target 16.1:** Significantly reduce all forms of violence and human rights violations at the Company's various locations and among its stakeholders.

**Target 16.2:** Contribute to the abolition of abuse, exploitation, trafficking, torture and all forms of violence against children at the Company's various locations and among its stakeholders.

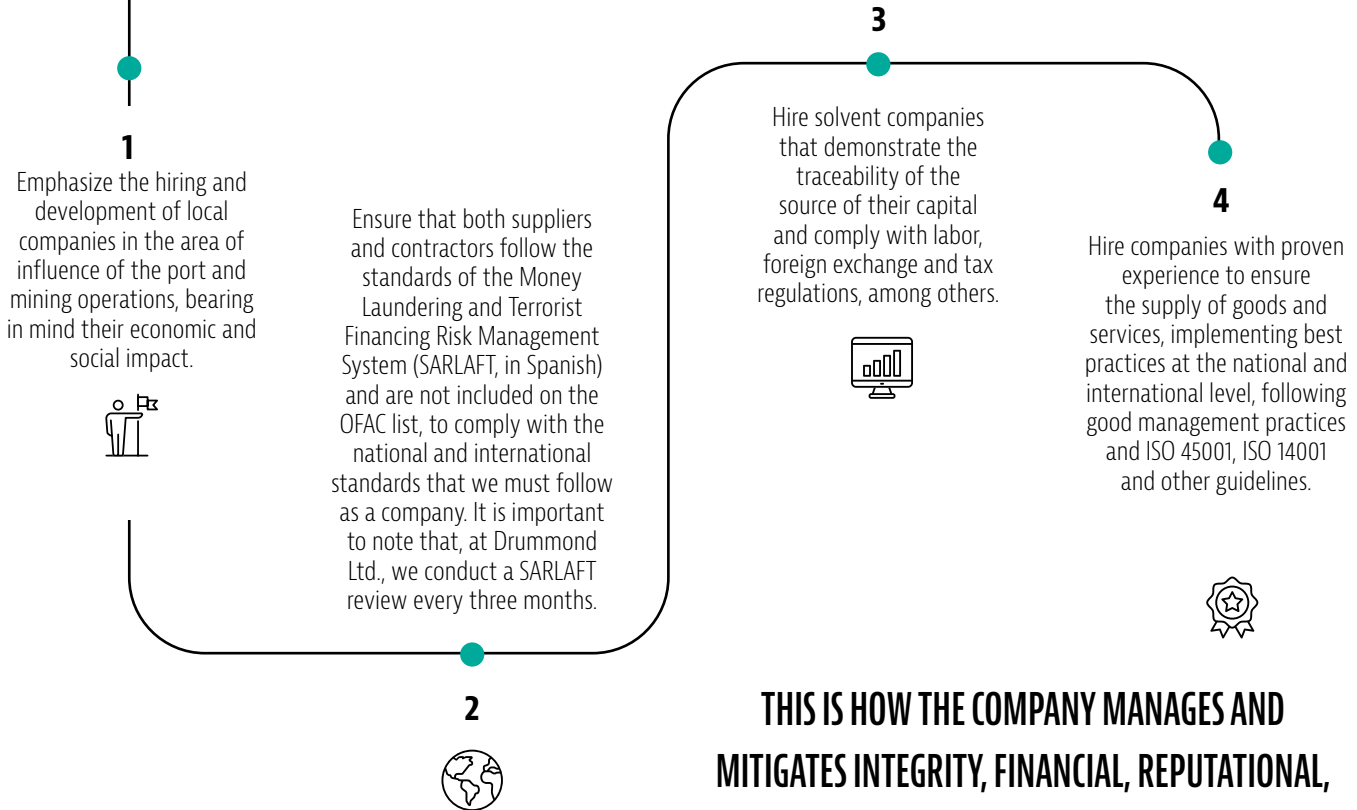
**Target 16.10:** Ensure that all direct employees and contractors of Drummond Ltd. have access to information and training on human rights, to the promotion and to the protection of their fundamental freedoms.



[GRI 103-1]

Having a supply chain that guarantees the Company's long-term operation is a determining factor in the sustainability of Drummond Ltd.'s operations. For this reason, the various suppliers and contractors that support the operation undergo rigorous evaluation and selection processes, in order to ensure that the purchasing and contracting of goods and services are of the highest quality, offer competitive prices, are delivered in a timely manner and guarantee after-sales service, which ultimately creates growth and competition in the market.

To achieve this, Drummond Ltd. has four guidelines that allow it to properly select suppliers and contractors:



**THIS IS HOW THE COMPANY MANAGES AND MITIGATES INTEGRITY, FINANCIAL, REPUTATIONAL, INDUSTRIAL SAFETY, ENVIRONMENTAL AND OPERATIONAL RISKS.**

[GRI 103-2]

In order to properly manage topics associated with suppliers and contractors, the Company has established controls in its different selection criteria, always with the aim of minimizing the negative impacts that could arise due to the improper management of a sup-

plier or contractor. This is exacerbated by the fact that there may be conflicts of interest with local suppliers and contractors in the region, a situation to which Drummond Ltd. is very attentive, and this is why it shares its strict Code of Ethics internally and externally.



Declaration of Conflicts of Interest, which is reported by our employees to the H.R. Department (during the hiring process, in the annual evaluation and when it arises).

Declaration of Conflicts of Interest, which is reported when suppliers and contractors are registered with our Company's Supplier Control Area.


Implementation of the Conflict of Interest Committee, which meets periodically and no less than once a year, to evaluate the impacts and risks associated with suppliers and the operation, as well as the establishment of controls aimed at mitigating or eliminating these impacts.

Additionally, the Company has six tools focused on controlling and ensuring proper management of its suppliers and contractors:



**COMMITMENTS ACQUIRED IN THE PROVISION OF GOODS AND SERVICES**

- Contracting using clear commercial offers in terms of responsibilities, commitments and scope of services.
- Duly signed terms and conditions.
- Irrevocable declarations.
- Dissemination of the Manual for Contractors and Suppliers.
- Checking personnel references.




**POLICIES AND GUIDELINES**

- Dissemination of our Internal Policy on Human Rights and Conflicts of Interest.
- Requiring the issuance, dissemination and compliance with internal policies by each supplier or contractor.



**INSPECTIONS AND AUDITS ON INDUSTRIAL SAFETY, THE ENVIRONMENT AND HUMAN RIGHTS**

Opportunities for exchange related to compliance: periodic meetings, inspections, chats, audits and trainings.




**MANAGERIAL WALK-THROUGHS**

Sessions for direct interaction between the Company's leadership and contractors' supervisors and operations, performing industrial safety and environmental verifications.



**REGULAR MEETINGS WITH CONTRACTOR MANAGERS**

Dissemination of results related to workplace health and safety, both at our own operations and those of our contractors.



**COMPREHENSIVE MANUAL FOR CONTRACTORS**

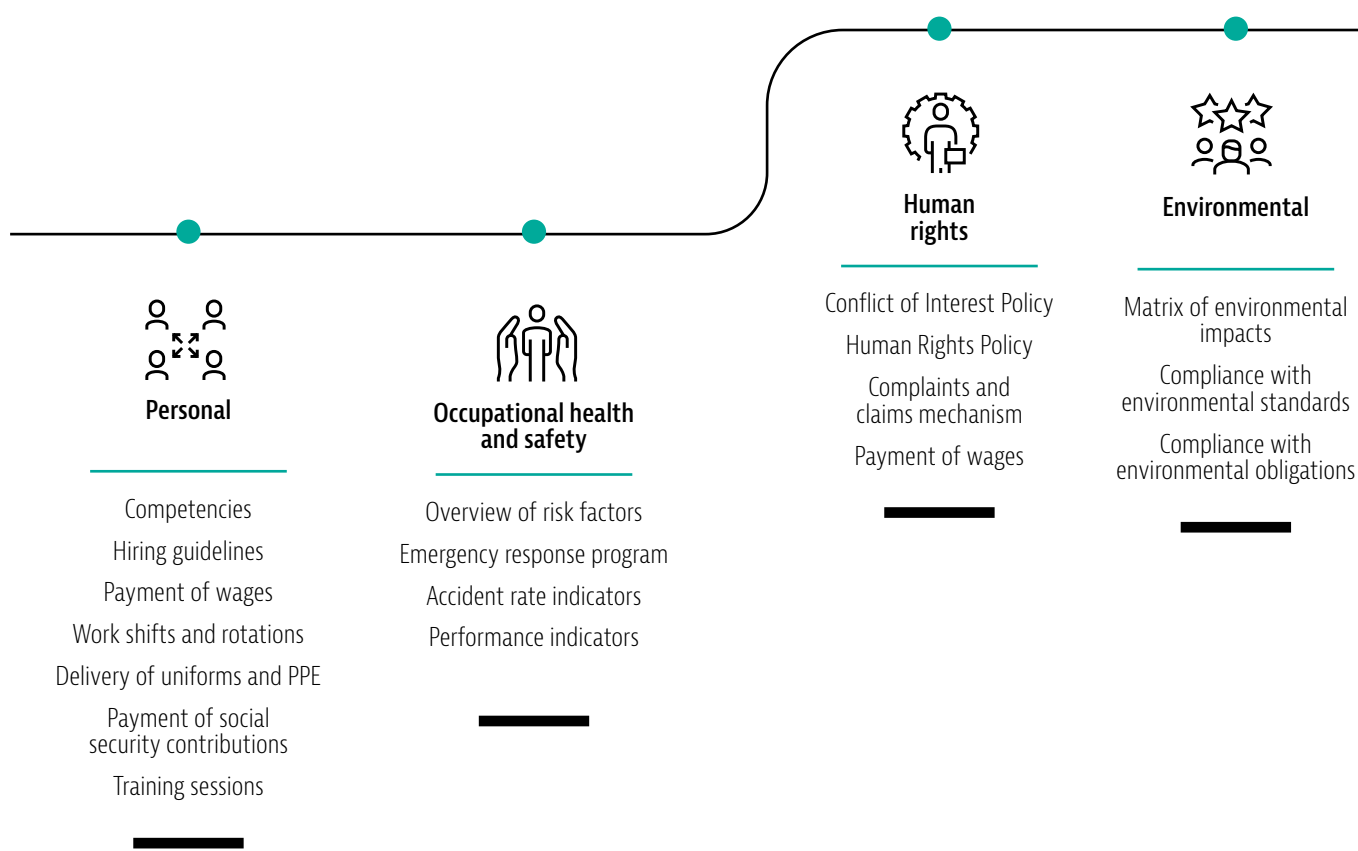
The document that informs our contractors of the main responsibilities, for themselves and their subcontractors, related to physical safety, environmental, corporate social responsibility and workplace health and safety aspects during the execution of services for Drummond Ltd.



[GRI 103-3]

Drummond Ltd.'s focus on risk prevention and mitigation in supplier and contractor management is aimed at establishing a robust chain of suppliers and contractors. Therefore, to achieve this objective, the organiza-

tion conducts internal audits, which may include environmental, social and governance criteria, which are selected according to the criticality and amount of billings for the goods and/or services provided, as described below:



Drummond Ltd. has a Community Attention System (CAS), which functions as a tool to monitor and evaluate suppliers and contractors' performance. Through the CAS, anyone can file a report anonymously or directly, notifying the Company of conflicts, anomalies, failure or deviations from its Ethics Policy and, if necessary, the report may be on a matter that may affect the operations.<sup>27</sup>

As a supplement, during 2020, Drummond Ltd. conducted three audits that covered five contracts. The audits covered social and human rights issues.

Furthermore, on a monthly basis, the Company reviews payments to the social security, pension and severance systems for contractors' employees.

Additionally, the contractor evaluation included their handling of gender equality and the percentage of employees from the Company's area of influence. During visits to suppliers' facilities, both scheduled and unscheduled, Drummond Ltd. verified their hiring guidelines and policies, as well as the spaces designed for executing the work.

**ON A MONTHLY BASIS, THE COMPANY REVIEWS PAYMENTS TO THE SOCIAL SECURITY, PENSION AND SEVERANCE SYSTEMS FOR CONTRACTORS' EMPLOYEES.**

In terms of human rights, specifically issues of child labor, the Company works to emphatically prevent these types of situations from arising, so the prevention actions that it takes are based on the implementation and continuous improvement of rigorous access controls and reference-checking processes to prevent minors from entering the Company's operations.

Finally, to strengthen the Company's position on preventing money laundering and terrorism financing (SARLAFT, in Spanish), two clauses were included in the standard form contract. One that defines which assets are subject to extinction of ownership, and another that establishes the contractor's duty to provide information related to SARLAFT that is truthful and verifiable, and to update the data provided at least once a year.

[GRI 204-1]

### PERCENTAGE OF LOCAL SPENDING ON SUPPLIERS DURING 2020

The execution of Drummond Ltd.'s operational activities, in mining and transportation and shipping, require direct interactions with suppliers of goods and services, which, in addition to allowing for a significant regional economic dynamic, generates a substantial number of direct and indirect job opportunities that involve high standards in terms of technology, industrial safety and environmental protection, and contribute to

professional and business development in the municipalities in the area of influence of the mining and port operations.

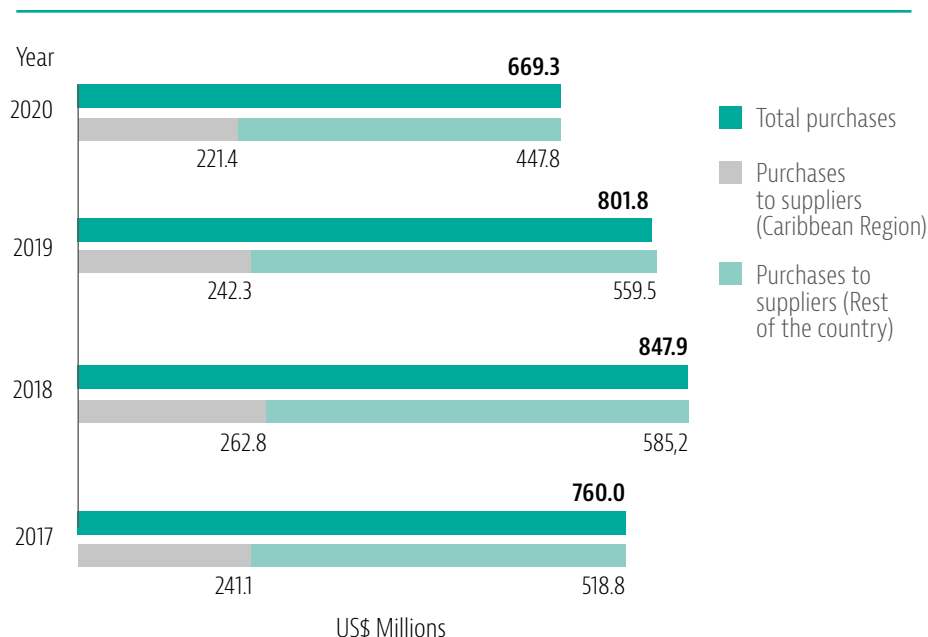
At Drummond Ltd., a local supplier or contractor refers to a company whose headquarters are located in the Caribbean region. In 2020, purchases of goods and services from them accounted for 33% of the Company's total domestic purchases.

In 2020, purchases of goods and services from them accounted for

# 33%

of the Company's total domestic purchases.

GRAPH 28. Purchases made from domestic suppliers in millions of US\$



During 2020 Drummond Ltd. had commercial relationships with

# 747

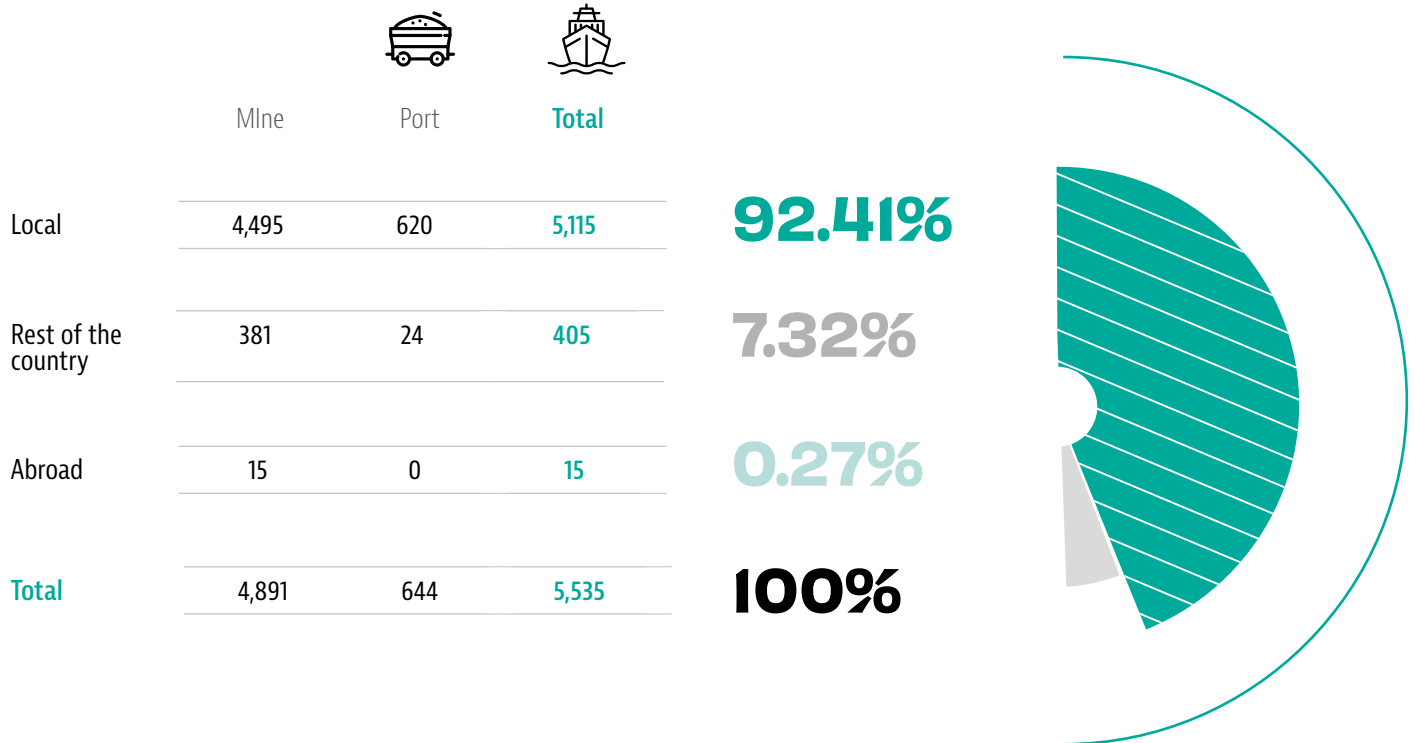
SUPPLIERS  
with billings of  
**US\$ 952,258,355**

Of these, **698 (93 %)** were domestic, and they generated billings of US **\$669,252,528 (70 %)**. Of those suppliers, **289** were local, located in the Caribbean region, and their billings totaled US **\$221,416,314**.



### LOCAL LABOR

Additionally, and continuing with the policy of favoring hiring of regional labor, in 2020 the Company was able to improve the statistics in terms of contractor employees, as follows:



Increase in the percentage of contractor employees born in the municipalities in the area of influence in 2020.

# 1,463

**MINING OPERATIONS**

# 539

**PORT OPERATIONS**



This represents the result of the inclusion of a clause in the sample contract that establishes that the contractor must hire as much local labor as possible, and the parameters that must be taken into account to do so.

It is important to note the increase in 2020 in contractor employees who were born in the municipalities in the area of influence. The number of these employees at the mining oper-

ations increased from 1,186 to 1,463, and at the port it went from 436 to 539 employees. Both figures represent an increase of more than 23%.

The Company's commitment is so great that, for 2021, it included new parameters for contractor evaluations and it will review aspects such as corporate social responsibility (hiring of local labor, purchasing of local goods and services) and gender equality.

[GRI 308-2]  
[GRI 414-2]**ENVIRONMENTAL  
AND SOCIAL ASSESSMENTS**TABLE 23.  
**Negative social and environmental impacts on the supply chain**

|  | <br>Environmental | <br>Social |
|--|--|---|
| Total number of suppliers with which the Company had a relationship in 2020 whose impact has been evaluated      | 64   | 0   |
| Number of suppliers that present significant actual or potential negative impacts                                | 64   | 0   |
| Percentage of suppliers with whom improvements have been agreed to after the evaluation                          | 100 %  | 0 %   |
| Percentage of suppliers with whom the contractual relationship has been terminated as a result of the evaluation | 0 %  | 0 %   |

**FOR THE 2020 PERIOD,  
NO ACTUAL OR  
POTENTIAL NEGATIVE  
SOCIAL IMPACTS  
WERE IDENTIFIED.**

The contractor or supplier that shows progress or growth in terms of these indicators has a better chance of maintaining its relationship to the mining project. Additionally, the request for goods and services from the contractor and its employees is considered to the extent that it increases aggregate demand.

For the 2020 period, no actual or potential negative social impacts were identified. Likewise, in no case have we been forced to terminate the contractual relationship as a result of an evaluation related to this item.

In addition, during 2020, 137 inspections of contractor companies were carried out, of which 52 took place at the port operations and 85 at the mining operations. Additionally, nine environmental compliance audits were conducted on suppliers of critical environmental services. The main aspects evaluated were: waste management (recyclables, ordinary, hazardous and special waste); handling of chemical substances, hydrocarbons management, prevention and control of spills of hydrocarbons and chemical substances, and compliance with the environmental standards established in the SIG-2003 Environmental Guide for Monitoring Suppliers and Contractors.

The implementation of the Inspections Program has contributed to improving the contractors' environmental performance and creating an organizational culture aimed at care for and protection of the environment.



## Milestones

1. A meeting was held with contractors in 2020 to discuss human rights, local contracting, environmentally and socially sustainable development and biosecurity.
2. A dual training pilot program was implemented in which the Company, contractors and the SENA trained 65 young men from the region in technical areas, offering them the opportunity to work with partners of the mining project.
3. At the mine, in spite of the pandemic, there was an increase in the percentage of personnel from the municipalities of influence, by 23%.
4. The Company complied with the execution of 100% of the environmental inspections planned for contractor companies.

## Challenges

### Goal for 2021

Increase billings by local suppliers

**3%**

Hold awareness talks on human rights with managers and legal representatives of suppliers.

**2 chats**

Increase hiring of personnel from the Company's area of influence, both suppliers and contractors

**3%**

Move forward with modifying the procedure to evaluate suppliers on social and human rights issues

**2021**



ENVIRONMENTAL PERFORMANCE



-03-

ENVIRONMENTAL

**PERFORMANCE**



# Water resource management

Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its administration of water resources, it contributes to:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING



#### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.

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



#### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.

- **Environmental sustainability**
- Conservation and restoration



#### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.

- Education and training
- Creating opportunities
- Work environment



#### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.

- Transparency and citizen oversight
- Institutional and community strengthening

## Targets

**Target 6.3:** Improve water quality by reducing pollution.

**Target 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.



## EDGARDO CAMARGO

CONTRACTOR COMPANY –  
LABORATORIOS NANCY FLOREZ

**“Maintaining our work** is one of Drummond Ltd.’s greatest successes with each of us as contractors.

The Company has always been very committed to caring for its workers. They trained us on biosafety topics to be able to work in a way that was 100% safe, and the Company allowed us the option to work from home throughout the pandemic.” ■

# Water resource management

GRI [103-1]

The management of water resources at Drummond Ltd. is one of its strategic tasks and one that is most closely managed year after year. First, due to the need for this resource in the surrounding communities and ecosystems, and second, because it is needed in the various phases of the Company's production process and in the environmental control measures applied.

For this reason, it is essential to continue and strengthen the understanding of the meteorological behavior behind climate change and, therefore, the hydrology of the area where Drummond Ltd. Operates. This, in order to understand how these variables interact and have tools that make it possible to forecast the availability of this resource for all actors to ensure the sustainability of the business and the ecosystem services.

this, the Company has a policy that sets the guidelines that ensure the effective management of water resources, with water conservation and sustainability as its cornerstone:

GRI [103-2]

Regulatory compliance is a basic determining factor, but not the only one, in Drummond Ltd's operation and in its environmental management. To achieve

**Environmental Policy**





**THE COMPANY'S ENVIRONMENTAL MANAGEMENT IS EVALUATED AND AUDITED USING DIFFERENT PARAMETERS THAT ALLOW IT TO VERIFY ITS FULFILLMENT OF DIFFERENT OBJECTIVES. THESE EVALUATIONS MAKE IT POSSIBLE TO UNDERSTAND AND MEASURE DRUMMOND LTD.'S PERFORMANCE IN TERMS OF MANAGING ITS WATER RESOURCES.**

Drummond Ltd.'s Environmental Policy offers the tools to provide its water management work with a solid foundation and clear objectives. For this reason, the Company starts by conducting regular environmental assessments, which use the results of various monitoring activities that provide technical information on which Drummond Ltd. can create new strategies in the mining and operation processes, with the aim of reducing the impact on natural resources and the communities.

GRI [103-3]

The Company's environmental management is evaluated and audited using different parameters that allow it to verify its fulfillment of different objectives. These evaluations make it possible to understand and measure Drummond Ltd.'s performance in terms of managing its water resources.

There are various ways in which the Company's evaluations are carried out: First, there are control and monitoring visits conducted by the various environmental authorities at the local level, such as the Regional Autonomous Corporations (CAR) and at the national level, such as the National Environmental Licensing Authority (ANLA). Based on these visits, its environmental regulatory compliance is confirmed. Evaluation also takes place internally, through periodic assessments of management and performance indicators.

Finally, public agencies such as the Comptroller General of the Republic, the Office of the Attorney General of the Nation and the National Mining Agency, and private institutions such as Bettercoal or consultants hired by the company, frequently inspect Drummond Ltd.'s projects to check its work.

GRI [303-1]

**INTERACTION WITH WATER AS A SHARED RESOURCE**

Drummond Ltd. has a Water Savings and Efficient Use Program (PUEAA, in Spanish) as a main strategy to ensure sustainability in its use of water resources. This program is inter-departmental and based on an understanding of the interaction created between the operation and its needs, and the ecosystems and communities present in the area of operation.

In the Water Savings and Efficient Use plan, the Company uses the following alternatives:



A collection and recirculation system for the water condensed as a result of the internal processes in the explosives and power plants, which would otherwise be lost through evaporation.



Rigorous control of water leaks.

A network for the collection, storage, distribution, management and use of rainwater and runoff.




Use of stored rainwater for spraying roads to control particulate matter.



Promotion of best practices for domestic water use through awareness campaigns.


With this program as the cornerstone of its water resource management and given the nature of the mining projects, the Company interacts with water resources in different ways:



**RAINWATER**

**Collection**  
It is captured in the operating areas and in external dumping areas to be stored temporarily and then conveyed through channels and pipes to treatment systems before being discharged into natural streams.

**Us**  
Part of the stored water is used to control emissions of particulate matter through irrigation and sprinkling on roads and material loading areas.




**UNDERGROUND AQUIFERS**

**Collection**  
Due to the excavation work done to extract the coal, a part of the aquifer units that transport the underground water is intercepted, causing infiltrations in the project's pits. This is returned to the environment through controlled and treated discharges.

**Us**  
Part of the water is used to control emissions of particulate matter through irrigation and sprinkling on roads and material loading areas.

**FOR THE COMPANY, WATER IS AN ESSENTIAL RESOURCE IN ITS OPERATIONS. IN THE CASE OF THE PORT PROJECT, ON AVERAGE, 97% CORRESPONDS TO CONSUMPTION FROM OPERATIONAL ACTIVITIES (RECEIPT, HANDLING AND LOADING OF COAL), AND THE REMAINING 3% IS FOR DOMESTIC USE AND HUMAN CONSUMPTION.**



**SURFACE WATER**

**Collection**  
It is captured from the Paujil reservoir, whose maximum storage capacity is 10 million cubic meters. Use of this water never exceeds the amounts approved by the environmental authorities.

**Us**  
Industrial use in various processes in the power plant.



**GROUND WATER**

**Collection**  
It is captured from different deep wells at various points in the mining projects.

**Us**  
Its main use is domestic and for human consumption in the mining operations.

Additionally, in the mining operations, its use during 2020 was distributed as follows:

**88.5 %**

Control of particulate matter emissions from both mining projects

**6.2 %**

Industrial use

**5.3 %**

Human and domestic consumption

It is worth noting that the Company does not use water resources to produce products or similar processes that transform it and affect its availability in the environment. On the contrary, it is returned to the environment through evaporation or in treated discharges into natural streams.



## APPROACH USED TO IDENTIFY WATER-RELATED IMPACTS

The Environmental Impact Assessment (EIA) is an essential requirement for the execution of any project in Colombia, and through this document the possible environmental effects were initially identified, before the start of operations. This EIA is also updated when any new areas or operational processes will be affected; it covers all phases from the start of the operation through the closure of the project.

During the execution of the project, the Company maintains its robust monitoring programs to track the presence, evolution and magnitude of possible environmental effects related to water resources over time. While these programs are based on monitoring the measures that are implemented and their effectiveness, they also contribute to identifying new impacts.

## IMPACTS ON WATER CREATED BY THE ORGANIZATION

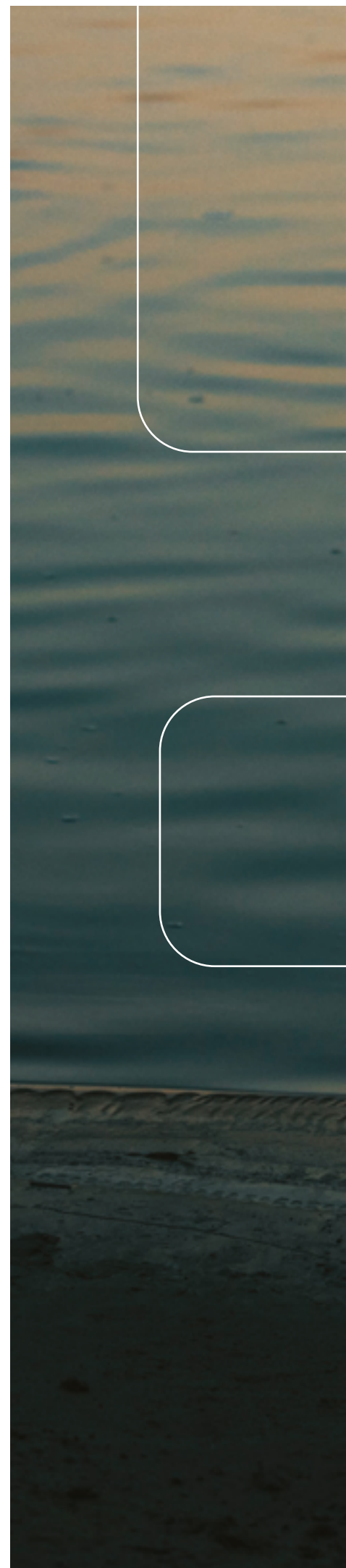
As a result of the EIA and the monitoring programs, there has been no significant impact on water sources during the course of the projects; one of the main factors for the lack of a significant impact is the fact that Drummond Ltd. does not collect more than 5% of the reservoir's water mass every year, and the water that it does collect is covered by a permit from the environmental authorities and never exceeds the approved limits, or affects or restricts the use of water by the surrounding communities.

Additionally, the Company frequently analyzes the physiochemical and hydrological characteristics of the bodies of water granted in concession, as well as the treated wastewater and the receiving bodies of water. This monitoring guarantees Drummond Ltd.'s capacity to respond to situations in which the quality and quantity indicators of the water resources being managed report values outside of their normal ranges.

An example of the implementation of the Environmental Monitoring Program for the benefit of the ecosystems present in the Company's area of influence is the ability to know the amounts of water captured and discharged. In the dry season, for example, the Paujil channel must maintain an ecological flow of 50 liters/second. The monitoring activities detect when the reservoir, due to its own capacity, does not provide the flow required to care for the flora and fauna downstream, and this make it possible to activate a pumping system that guarantees the necessary flow.

Additionally, the mining projects are located in the lower part of the basin, while the populations closes to the project that use water resources either for agricultural or domestic consumption, are in the middle and upper parts. Therefore, when the Company makes the respective collections, they have already been affected upstream by other economic or domestic activities.

**THE COMPANY FREQUENTLY ANALYZES THE PHYSIOCHEMICAL AND HYDROLOGICAL CHARACTERISTICS OF THE BODIES OF WATER GRANTED IN CONCESSION, AS WELL AS THE TREATED WASTEWATER AND THE RECEIVING BODIES OF WATER.**



## MANAGEMENT OF WATER-RELATED IMPACTS

Using the environmental impact identification and assessment exercises discussed above, the magnitude and probability of occurrence of these environmental effects are determined and, based on that analysis, different management measures are set up, which may be preventive in nature, corrective or, if necessary, compensatory.

### Preventive

Having an environmental laboratory to conduct specific water and air quality tests, which has proven useful in identifying situations that may arise in the operation.

Considering alternatives to avoid and reduce impacts on surface water resources.

Locating the external dumping areas and managing the progress of the mining activities in such a way that they do not affect water buffer or regulation areas.

Responding to requests, complaints or claims that, along with the monitoring results, help to identify possible effects and address the needs or concerns of the local communities and water users in the area and possible impacts that may arise.

Monitoring groundwater levels through the network of piezometers installed within and around the mining projects.

Implementing a monitoring plan that constantly evaluates the efficiency of the water treatment systems, the quality and quantity of water, and compliance with the regulations on wastewater.

Holding training talks for employees and contractors to communicate different actions regarding the efficient use of water resources.

Conducting monitoring and control inspections of the entire water supply network, including the water treatment plants.

Monitoring daily water consumption at the port facilities to identify sudden increases that indicate the presence of leaks in the distribution lines.

### Corrective

Taking actions to reduce water consumption.

Implementing automation and control systems to optimize the drinking water supply.

Install water-saving devices on toilets, urinals, showers, sinks and water supply points in the operations.

Performing maintenance work on the water distribution network to control losses.



Finally, Drummond Ltd.'s protection of natural areas for more than 26 years has made possible the conservation and restoration of the basins of the Sororia River, the San Antonio and Las Ánimas creeks and the Paraluz and Garrapata streams. The continuity of both the riparian forests from this water system and from other ecosystems for all these years is reflected in water regulation, the constant water supply, the water quality and the ex-

istence of habitats (food and shelter) for biodiversity, eco-systemic services that benefit users in the lower part of the basins, who have the necessary flow for their domestic and commercial activities even during the dry season, provided naturally or through pumping, in the case of the San Antonio creek, where the company has a positive impact on economic activities that could be affected during the summer season.

### WORK WITH SUPPLIERS

The Company has promoted and organized some contractors that are responsible for domestic work and food preparation in the camps into water advocacy groups.

The activities that have been agreed to with these contractors are:

TABLE 24.  
Work with suppliers

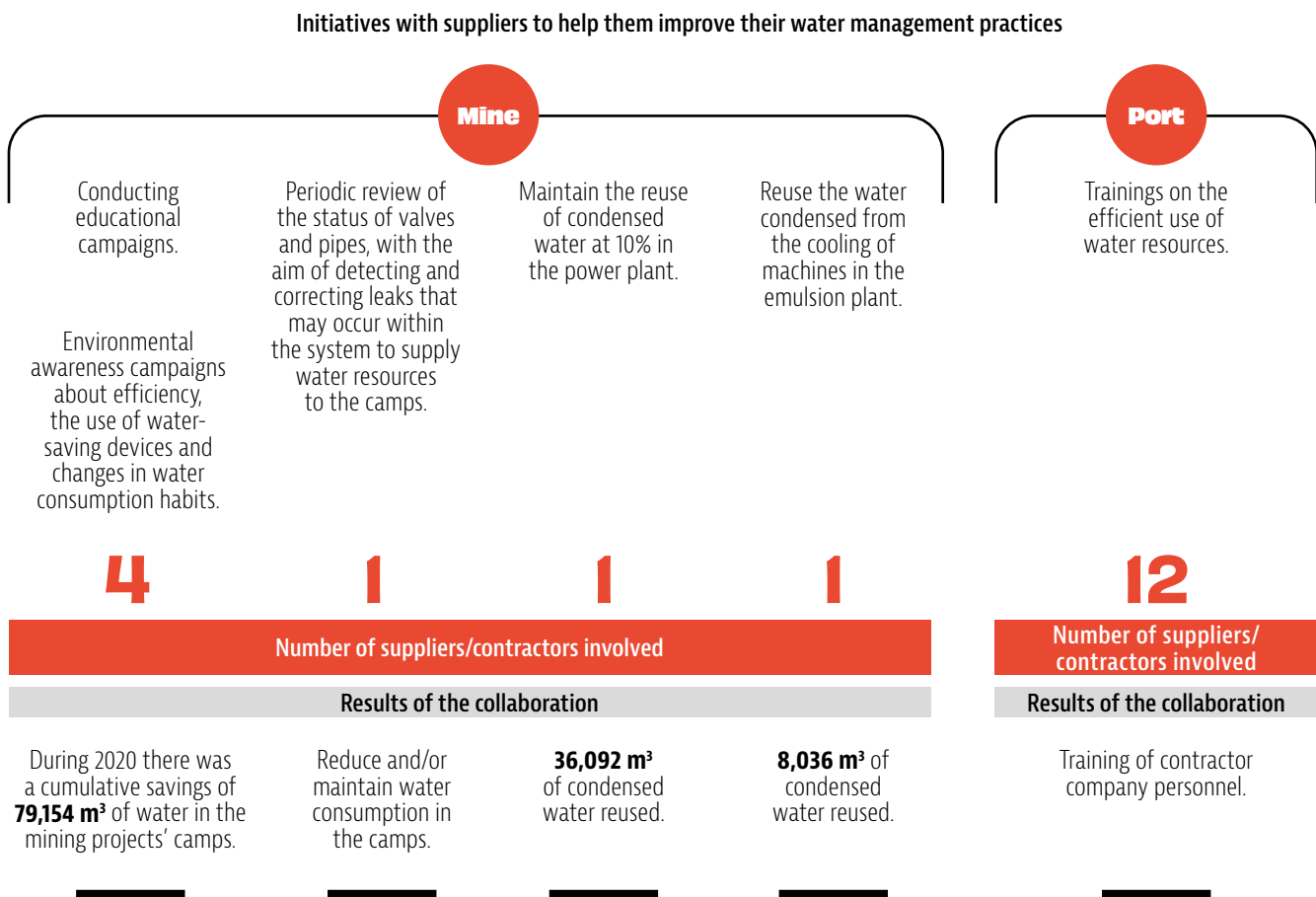
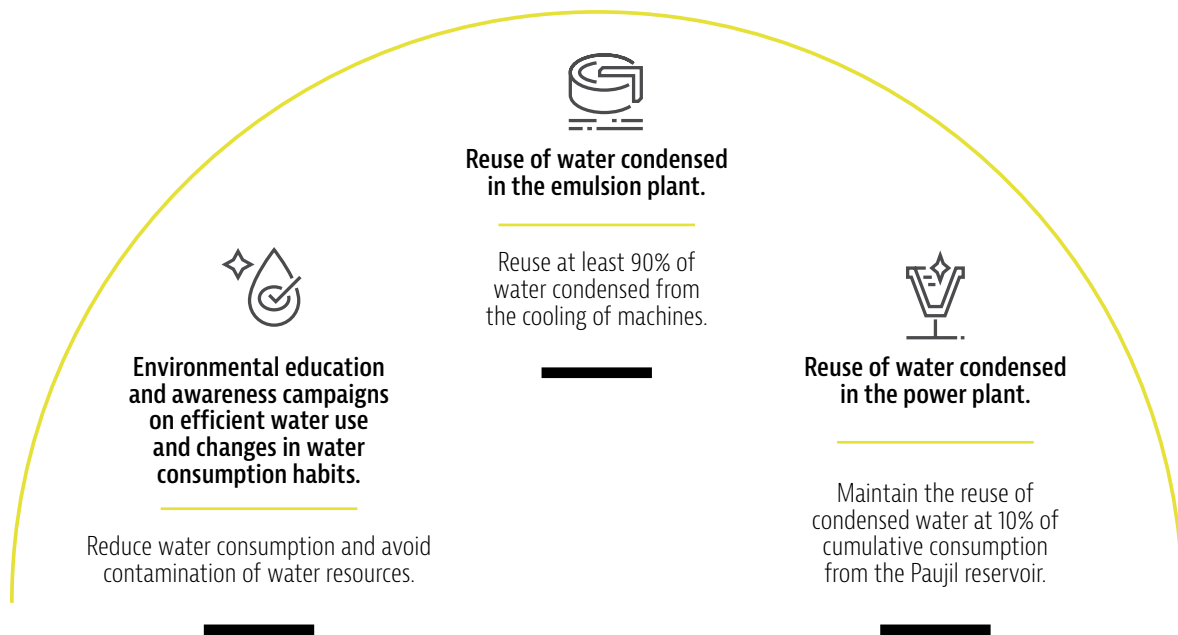




TABLE 25.  
Work plans with suppliers

Future plans and objectives to work with suppliers and reduce water-related impacts



**WATER-RELATED GOALS AND OBJECTIVES**

The goals and objectives at Drummond Ltd. are part of the Water Savings and Efficient Use Program (PUEAA, in Spanish) which is reviewed every five years and is approved by Copcesar. This plan includes different actions for each of the water concessions approved for the mining projects, and it conforms to the regulatory framework established under Law 373 of 1997. The program implemented by Drummond Ltd. was built based on the strategies for saving and efficiently using water, and it considered, among other aspects, the local context of water demand, especially with regard to the decrease in supply in the driest months of the year, so several strategies are aimed at reducing consumption during these periods; the results of the PUEAA can be seen in the Milestones section of this chapter.



**[GRI 303-2] MANAGING IMPACTS RELATED TO WATER DISCHARGES**

Drummond Ltd's mining and port operations both have regulatory requirements for generating discharges: Resolution 631 of 2015. To request approval of discharges by the environmental authority (ANLA), discharge assimilation models were run, as required under Sole Regulatory Decree 1076 of 2015.

Additionally, Puerto Drummond has established environmental controls for managing wastewater, in accordance with the use that was granted. In the case of industrial wastewater, it is trans-

ported through perimeter channels from the coal yards to a treatment system consisting of three sedimentation pools that work in parallel. The effluent leaves the system toward the final treatment pool, called Pool no. 4, where it is stored and discharged by overflow. To treat domestic wastewater, it is sent through the sewer network to the Wastewater Treatment Plant. Both industrial and domestic wastewater, after being treated, converges in Pool no. 4, and from there they are discharged into the hygrophytic forest, when there is a surplus.

**PUERTO DRUMMOND HAS ESTABLISHED ENVIRONMENTAL CONTROLS FOR MANAGING WASTEWATER, IN ACCORDANCE WITH THE USE THAT WAS GRANTED.**

**[GRI 303-3] WATER COLLECTION  
[GRI 303-5] WATER CONSUMPTION**

Water resources at Drummond Ltd's mining projects are collected by pumping, and water uptake at the Company takes place mainly in the Paujil reservoir. Additionally, Drummond Ltd. does not consume water in areas of water stress.

The Company has meters to quantify the collections from the authorized underground concessions. Additionally, the consumption of surface water and bilge water is estimated based on the time of use of the pumps and their measured flow rates.

**Drummond Ltd. does not consume water in areas of water stress.**

Below is the historical consumption of water resources at Drummond Ltd.:

TABLE 26.  
Drummond Ltd. water consumption

| Category  | Unit                 | 2020             | 2019             | 2018             | 2017             | 2016             |
|---|----------------------|------------------|------------------|------------------|------------------|------------------|
| Surface water   | m <sup>3</sup>       | 448,212          | 1,165,838        | 634,267          | 860,793          | 1,436,313        |
| Groundwater   | m <sup>3</sup>       | 385,941          | 433,177          | 353,825          | 414,017          | 362,457          |
| Bilge (or mining) water)  | m <sup>3</sup>       | 6,404,283        | 7,866,894        | 8,203,354        | 7,284,550        | 7,498,425        |
| <b>Total</b>  | <b>m<sup>3</sup></b> | <b>7,238,436</b> | <b>9,465,909</b> | <b>9,191,446</b> | <b>8,559,360</b> | <b>9,297,195</b> |
| Rainwater, surface water and groundwater collected directly and stored by the Company | Hm <sup>3</sup>      | 35               | 26.63            | 20.30            | 20.15            | 36               |

In the case of Puerto Drummond, it has a concession for surface water collected through the Nirvana creek, a channel of the Toribio River that begins in the foothills of the Sierra Nevada de Santa Marta, in the municipality of Ciénaga, on the edge of the Danta at 1,500 meters above sea level and empties into the north, from east to west, in the Caribbean Sea, with Puerto Drummond Ltd. being one of the

last users. Additionally, the port has a groundwater concession that authorizes the collection of water through pumping from 15 deep wells, which alternate use to adjust to the concession granted.

Puerto Drummond has meters to quantify the collections made in the authorized concessions. Below are the historical consumption results:

**PUERTO DRUMMOND HAS METERS TO QUANTIFY THE COLLECTIONS MADE IN THE AUTHORIZED CONCESSIONS.**

TABLE 27.  
Drummond Ltd. water collection

| Category      | Unit           | 2020    | 2019      | 2018      | 2017      | 2016      |
|---------------|----------------|---------|-----------|-----------|-----------|-----------|
| Surface water | m <sup>3</sup> | 672,642 | 560,174   | 464,185   | 486,107   | 356,574   |
| Groundwater   | m <sup>3</sup> | 200,254 | 655,347   | 621,286   | 656,133   | 683,788   |
| Total         | m <sup>3</sup> | 872,896 | 1,215,521 | 1,085,471 | 1,142,240 | 1,040,362 |



[GRI 303-4]

**DISCHARGES**

Drummond Ltd. has monitoring stations in the runoffs from the wastewater treatment systems at its mining projects, in order to obtain results with the reliability and timeliness that decisions on this matter require. All results are issued by laboratories duly accredited by the Institute of Hydrology, Meteorology and Environmental Studies of Colombia (IDEAM).

The discharge flows come from automatic level meters located near the discharge points, based on which, and with gauged sections, the output flows from the treatment systems are known at all times.





Below is detailed information on the water discharges in the mining projects:

TABLE 28.  
Discharges from Drummond Ltd. mining projects

| Discharge point   | Surface water discharges year m <sup>3</sup> - 2020 | Quality of the water discharged | 2016    | 2017  | 2018    | 2019    | 2020  |
|---|---|---------------------------------|---------|-------|---------|---------|-------|
| Garrapatas stream:<br>E 1054054 -<br>N 1548316                | 7,671,197   | DBO (tons/year)                 | 67.9    | 50    | 46.3    | 27.6    | 62.5  |
|   |   | DQO (tons/year)                 | 341.4   | 258.5 | 312.4   | 201.4   | 268.2 |
|   |   | SST (tons/year)                 | 2,400.8 | 444.6 | 1,569.7 | 1,463.3 | 108.6 |
| Paraluz stream:<br>E 1061286 -<br>N 1554187                   | 5,561,050   | DBO (tons/year)                 | 26.5    | 18.2  | 18.0    | 9,3     | 36.7  |
|   |   | DQO (tons/year)                 | 145     | 85.6  | 99.4    | 76.9    | 173.4 |
|   |   | SST (tons/year)                 | 825.7   | 72.4  | 75.3    | 72.2    | 75.0  |
| Paujil channel:<br>E 1067239 -<br>N 1547534                   | 231,898   | DBO (tons/year)                 | 4,1     | 1,1   | 1,5     | 0,9     | 0,4   |
|   |   | DQO (tons/year)                 | 18.2    | 5,5   | 11.1    | 8,0     | 3,8   |
|   |   | SST (tons/year)                 | 7       | 2,7   | 21.6    | 2,4     | 2,2   |
| San Antonio creek no. 4 (pool 7):<br>E 1062298 -<br>N 1547956 | 712,264   | DBO (tons/year)                 | 24      | 31.7  | 9,4     | 0,0     | 1,2   |
|   |   | DQO (tons/year)                 | 127.9   | 157.5 | 56.6    | 2       | 8,8   |
|   |   | SST (tons/year)                 | 264.1   | 222.6 | 256.7   | 16      | 7,1   |
| San Antonio creek no. 4 (pool 8) *                            | 613,094   | DBO (tons/year)                 |         |       |         | 0,3     | 1,2   |
|   |   | DQO (tons/year)                 |         |       |         | 2,2     | 9,0   |
|   |   | SST (tons/year)                 |         |       |         | 2,5     | 11,9  |
| San Antonio creek no. 4 (pool 9) *                            | 2,685,874   | DBO (tons/year)                 |         |       |         | 0,6     | 4,6   |
|   |   | DQO (tons/year)                 |         |       |         | 12.4    | 25.3  |
|   |   | SST (tons/year)                 |         |       |         | 6,1     | 49.8  |



| Discharge point                                  | Surface water discharges year m <sup>3</sup> - 2020 | Quality of the water discharged | 2016    | 2017    | 2018    | 2019    | 2020  |
|--|---|---------------------------------|---------|---------|---------|---------|-------|
| El Mocho stream:<br>E 1053470 -<br>N 1566304     | 29,866  | DBO (tons/year)                 | 3,3     | 1,4     | -       | 0,3     | 0,0   |
|  |   | DQO (tons/year)                 | 14.8    | 6,9     | -       | 3,9     | 0,2   |
|  |   | SST (tons/year)                 | 8,5     | 20.6    | -       | 1,9     | 0,1   |
| El Zorro creek<br>(D3): E 1061836 -<br>N 1570451 | 6,988,032   | DBO (tons/year)                 | 71.6    | 87.6    | 16.2    | 20.9    | 13.2  |
|  |   | DQO (tons/year)                 | 368.6   | 420.7   | 120.7   | 241.4   | 99.8  |
|  |   | SST (tons/year)                 | 2,621.1 | 976.1   | 1,283.1 | 604.7   | 139.7 |
| El Zorro creek<br>(D4): E 1063333 -<br>N 1569004 | 503,885   | DBO (tons/year)                 | 5,1     | 6,2     | 2,7     | 4,7     | 3,2   |
|  |   | DQO (tons/year)                 | 23.5    | 30      | 18.1    | 50.0    | 23.9  |
|  |   | SST (tons/year)                 | 45.5    | 132.5   | 212.5   | 80.3    | 4,6   |
| El Zorro creek<br>(D5): E 1066368 -<br>N 1572010 | 1,975,795   | DBO (tons/year)                 | 7,8     | 0,2     | 0,2     | 1,8     | 3,8   |
|  |   | DQO (tons/year)                 | 42.3    | 0,9     | 1,1     | 12.9    | 27.8  |
|  |   | SST (tons/year)                 | 44.2    | 1,1     | 2,9     | 22.9    | 31.1  |
| Total  | 26,972,955  | DBO (tons/year)                 | 210.3   | 196.4   | 94.3    | 66.4    | 126.8 |
|  |   | DQO (tons/year)                 | 1081.7  | 965.6   | 619.4   | 611.1   | 640.2 |
|  |   | SST (tons/year)                 | 6,216.9 | 1,872.6 | 3,421.8 | 2,272.3 | 430.1 |

\* The San Antonio creek no. 4 (pool 8) and San Antonio creek no. 4 (pool 9) points went into operation in 2019; for this reason, no previous data is presented.



With the information collected, it is not possible to differentiate fresh water from other water in the discharges because the concentration values of total dissolved solids are highly variable over time, since the discharges depend on the amount and frequency of precipitation. It is important to mention that the proportion of compliance with the parameters established in Article 10 of Resolution 631 of 2015 reached 99.74%, with some specific situations associated

with extreme weather conditions that required the implementation of action plans to correct for them.

In the case of Puerto Drummond, industrial and domestic wastewater, after treatment, converges in pool no.4, and from there it is discharged by overflow into the hygrophytic forest, when there is a surplus. Below is detailed information on the discharges at Puerto Drummond:

# 99.74 %

proportion of compliance with the parameters established in Article 10 of Resolution 631 of 2015

TABLE 29.

Discharges from Puerto Drummond

| Discharge point                          | Surface water discharges year m <sup>3</sup> - 2020 | Quality of the water discharged | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---|---------------------------------|------|------|------|------|------|
| Hygrophytic forest: E 985092 - N 1715645 | 109,110   | DBO (tons/year)                 | 0,2  | 0,32 | 1,7  | 13.5 | 21.4 |
|  |   | DQO (tons/year)                 | 0,9  | 1,39 | 7,5  | 27.2 | 0    |
|  |   | SST (tons/year)                 | 2,4  | 1,44 | 16.1 | 9,4  | 11.1 |



During 2019  
**US\$ 1,704,130**

was invested in the mining projects.

**US\$ 281,225**

at Puerto Drummond.

At Puerto Drummond, quarterly monitoring is carried out at the wastewater discharge point, in order to obtain reliable data. All results are issued by laboratories duly accredited by the Institute of Hydrology, Meteorology and Environmental Studies of Colombia (IDEAM). This data is compared to the quality criteria established in Article 72 of Decree 1594 of 1986, achieving 100% compliance with the criteria.

[DLTD-03]

To execute all the strategies defined by the Environmental department related to managing water resources, during 2019 US\$ 1,704,130 was invested in the mining projects, and US\$ 281,225 at Puerto Drummond, and as a result there has been a positive impact on the protection of water sources and the availability of clean, high-quality water for the population.



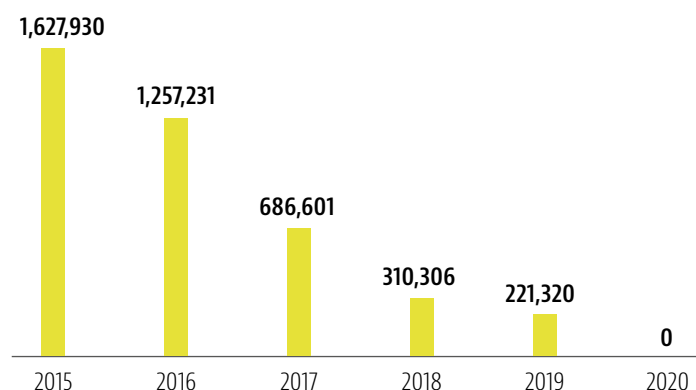
## Case studies

Year after year, Drummond Ltd. reports on an aspect that achieved notable results related to water resource management and that shows that the different strategies that the Company uses effectively achieve the expected results.

In 2020, and thanks to the application of the Water Savings and Efficient Use Program (PUEAA, in Spanish), during the second half of the year it was not necessary to use water from the Paujil reservoir for the activities to control particulate matter at the mine, so the use of water resources was significantly lower compared to the second half of the last five years.

This great savings was made possible thanks to planned storage in internal systems during the rainy season, and the efficient distribution of that water during drier parts of the period.

GRAPHIC 29.  
Consumption volume in m<sup>3</sup>





## Milestones

During 2020, the Company met 100% of the goals it had set. The closing of the operations as a result of the pandemic caused some issues; however, the majority of the measurement equipment continued to operate, providing the information required to evaluate the programs.

1. Reuse of condensed water remained at

**10 %**

of cumulative consumption from the Paujil reservoir.

2. Consumption from the Paujil reservoir was reduced by

**200,000 m<sup>3</sup>**

during 2020; this volume was recirculated from the internal pools.

3. **90 %**

of the condensed water from the cooling of machines was reused in the emulsion manufacturing plant.

4. At the port operations, the industrial water consumption index was kept

**35 L/Ton**

of coal exported.

5. At the mine operations, the drinking water consumption index was kept below

**140**

**L/person per month.**

## CHALLENGE

1. By 2021, collect and reuse a volume of condensed water

**≥ 31,433 m<sup>3</sup>/year**

at the Power Plant.

2. Maintain the volume of water collected from the Paujil reservoir – Pribbenow mine at levels below

**860,000 m<sup>3</sup>/year**

3. At Puerto Drummond keep use of the flow granted in concession below

**40 %**



# Air quality

Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its air quality management, it contributes to:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING



#### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.

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



#### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.

- **Environmental sustainability**
- Conservation and restoration



#### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.

- Education and training
- Creating opportunities
- Work environment



#### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.

- Transparency and citizen oversight
- Institutional and community strengthening

## Target

### ODS 12 [Own Target]:

Implementing strategies for the prevention and control of air quality, which include not only technically viable options, but also ones that are environmentally effective and socially beneficial, is essential to care for the health of workers and the surrounding communities, as well as the natural environment around the projects



## JESUALDO CASTRO

CONTRACTOR COMPANY –  
K2 INGENIERÍA

**"I should emphasize that one** of the most important successes that Drummond Ltd. had during 2020 was the continuity in the support they gave us in the execution of each of our projects, in spite of the situation with COVID-19.

In terms of sustainability, Drummond Ltd. has been supportive of all of the activities that we schedule each year. They have helped us with all the supplies necessary to carry out environmental and social activities." ■

## Air quality

[GRI 103-1]

Drummond Ltd. performs coal mining in Colombia through an open-pit process and, like any other project of this type around the world, it generates particulate matter by removing soil, overburden and coal, using the machinery necessary for its extraction, and through the transportation of these materials.

In this process, greenhouse gases (GHG) are generated. For this reason, the Company takes steps that include a series of strategies to prevent and control emissions into the environment, with technically viable, environmental effective and socially beneficial characteristics.

For Drummond Ltd., it is critical that all management activities related to atmospheric emissions are carried out within the framework of caring for the health of its workers and the surrounding communities, as one of the main objectives of this work, as well as the protecting quality of the natural environment around the mining and port projects.

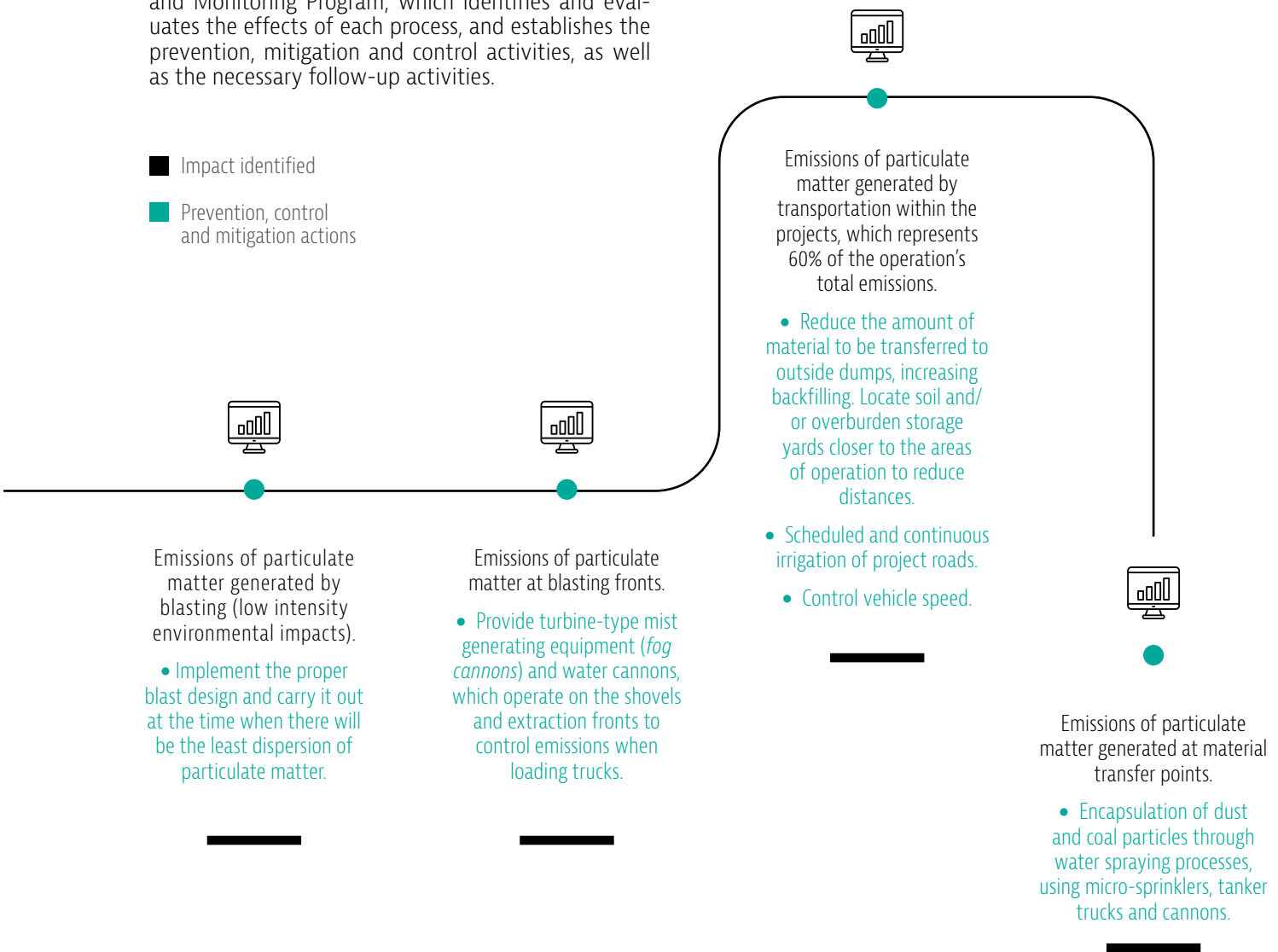




[GRI 103-2]

With this objective in mind, Drummond Ltd. has developed an Air Quality Environmental Management and Monitoring Program, which identifies and evaluates the effects of each process, and establishes the prevention, mitigation and control activities, as well as the necessary follow-up activities.

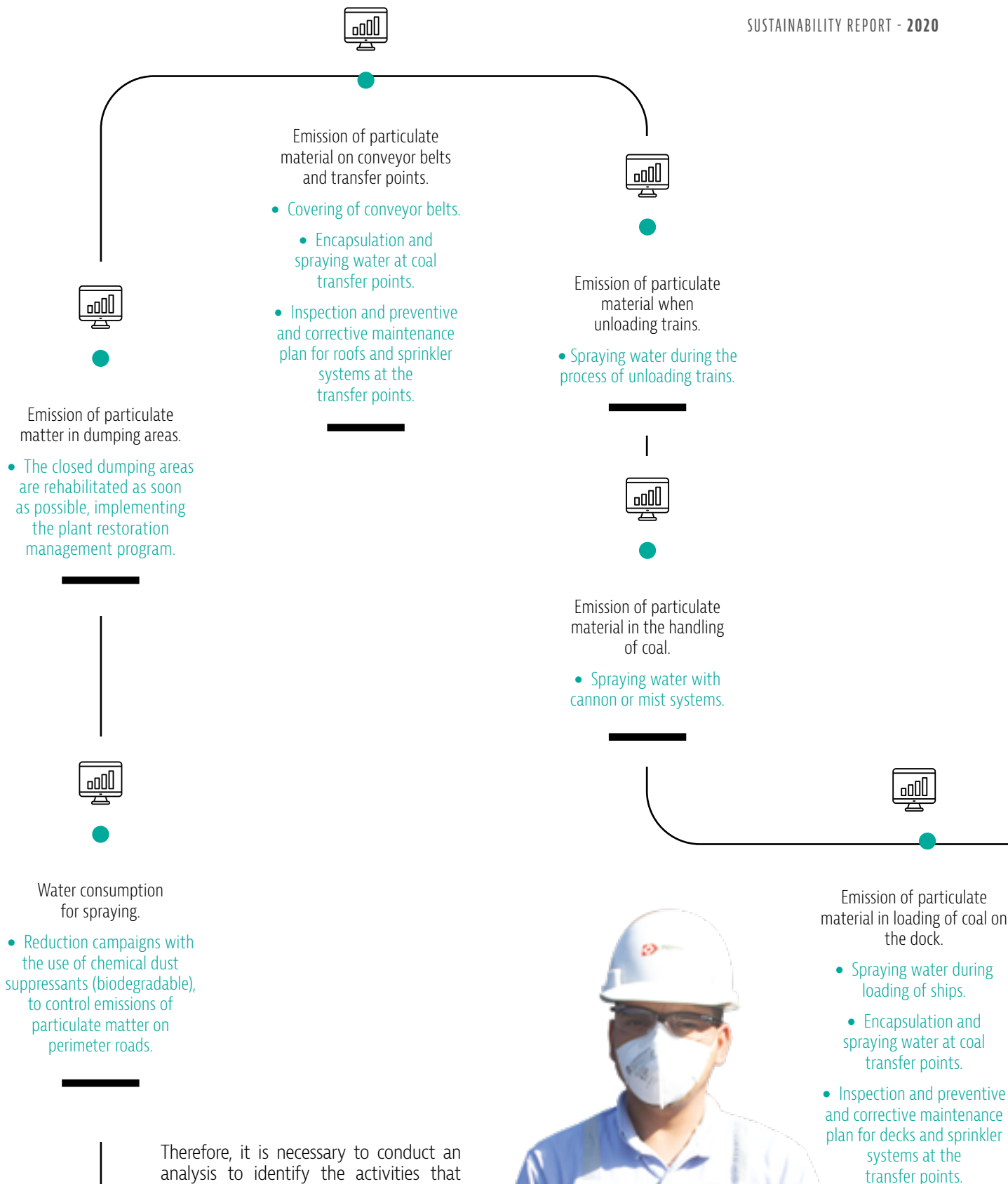
- Impact identified
- Prevention, control and mitigation actions



One of the items within Drummond Ltd.'s environmental responsibility strategy is the well-being of the communities and the implementation of actions that are socially beneficial for them. For this reason, it identifies and evaluates the sources of emissions that have an impact on the communities, in order to establish the contribution from the Company's emissions and contributions from other sources, to facilitate

and promote public management to reduce and control them.

Given that the emissions that affect the community have different origins, it is necessary to reinforce inter-institutional management in the region to take actions that make it possible to make improvements, both in terms of the air quality in the direct area of influence and in the quality of life of its residents.

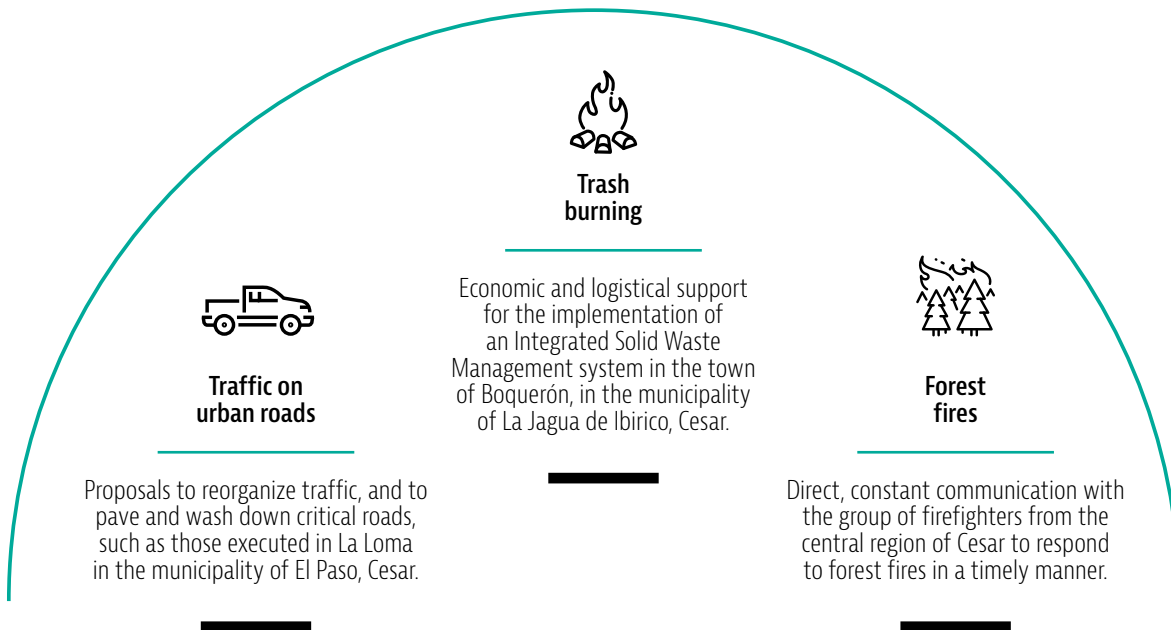


Therefore, it is necessary to conduct an analysis to identify the activities that have negative impacts on air quality, taking into account the population dynamics in the area, to establish whether they are generated by the Company or by external sources. By doing so, Drummond Ltd. has been able to identify that there are variables that affect air quality and that they come from external sources. For this reason, the Company conducts an identification in order to propose effective management strategies:





Impact not caused by Drummond Ltd. / Contribution to mitigation



[GRI 103-3]

The focus on the effectiveness of the actions and strategies implemented by Drummond Ltd., whose objective is to comply with the obligations established by the National Environmental Licensing Authority (ANLA) and the Regional Autonomous Corporations (CAR), includes activities that make it possible to analyze data to made decisions. One of these is the real-time measurement of

PM10 emissions from the mining projects. This measurement makes it possible to ensure that emissions remain below levels that could affect the air quality of the nearby communities.

As a complement, the Company has control actions and contingency plans to respond to situations that may arise that could have an effect on air quality.

Finally, in the management and evaluation of this environmental aspect, the environmental authorities conduct monitoring and control exercises through periodic visits to the ongoing projects.

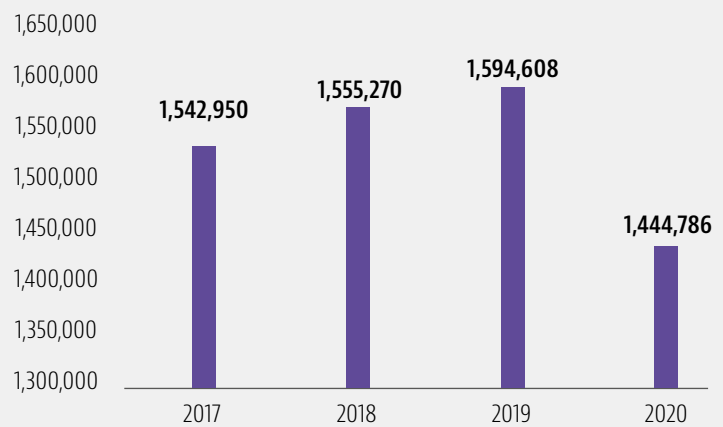


[GRI 305-1]

### DIRECT GHG EMISSIONS (SCOPE 1)

The methodology used to calculate GHG emissions that is applied in the mining projects uses the FECOC 2016 emission factors for Colombia. It also includes CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O gases in the calculation. At the same time, for emissions caused by the use of explosives, Drummond Ltd. uses the methodology established in the Australian guidelines,<sup>28</sup> and the amounts used there as well. On the other hand, the UPME<sup>29</sup> factors are used to indicate the amount of emissions generated by the coal seams, delivering the following results:

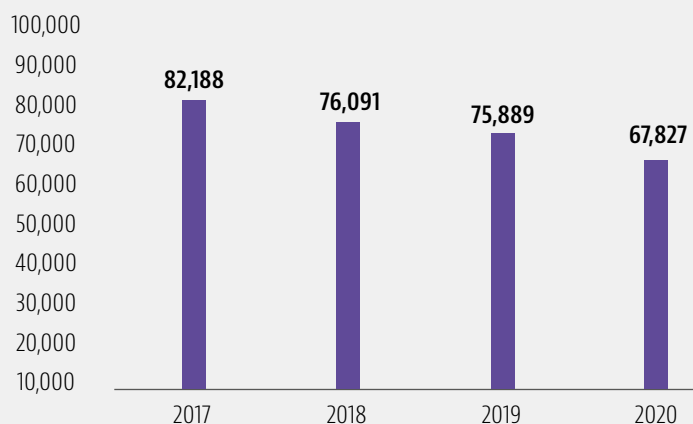
GRAPHIC 30.  
Direct GHG emissions at the mine - ton CO<sub>2</sub>eq. Scope 1



It is important to clarify that in the 2019 sustainability report, a total of 1,347,572 tons of CO<sub>2</sub> equivalent GHG emissions were reported in scope 1 of the mines, which were calculated without taking into account natural gas consumption. The latter is included in the current sustainability report, with a total GHG emissions in scope 1 for 2019 of 1,594,608 tons of CO<sub>2</sub> equivalent.

In terms of emissions generated at the port, the calculation was made using the emission factors available and parameterized for Colombia, using the bottom-up tool, so that these factors were applied directly, with the following results:

GRAPHIC 31.  
Direct GHG emissions at the port - ton CO<sub>2</sub>eq. Scope 1



29. Mining-Energy Planning Unit - UPME (2007). Emission Factors from the Colombian National Interconnected System.



[GRI 305-2]

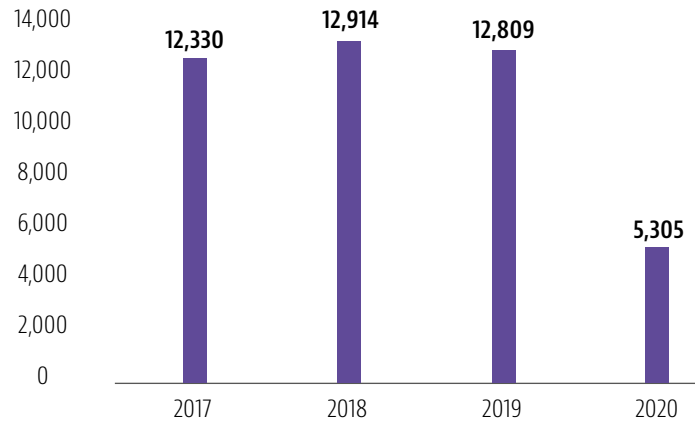
### INDIRECT GHG EMISSIONS WHEN GENERATING ENERGY (SCOPE 2)

At the mining projects developed by Drummond Ltd., the demand for electricity is met through the internal generation plant, owned by the Company, which is why the emissions generated in this process are included in scope 1 of the emissions calculation. However, this is different from the port operations, because the emissions generated there are scope 2 due to the source of the energy, and therefore these amounts are estimated taking into account CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O gases and the FECOC 2017 emission factors for Colombia.

The results of the scope 2 emissions for the port operations are presented in the following graph:

GRAPHIC 32.

Indirect GHG emissions at the port - ton CO<sub>2</sub>eq. Scope 2



[GRI 305-7]

### NO<sub>x</sub>, SO<sub>x</sub> AND OTHER SIGNIFICANT ATMOSPHERIC EMISSIONS<sup>30</sup>

AP42 factors from the United States Environmental Protection Agency (EPA)<sup>31</sup> are used to quantify emissions of particulate matter. According to the results, between 2018 and 2020, at our Pribbenow (La Loma) mine, emissions of PM10 particulate matter showed a slight decrease compared to the previous two years. This situation was different at the El Descanso Norte mine, where an increase in PM10 emissions was detected as a result of an increase in production in 2020.

Regarding the PM2.5 variable, a very similar behavior can be seen over the last three years, which decreased

slightly at the Pribbenow (La Loma) mine in the last year.

The contrast in emissions from the two mining projects is related to the difference in the amount of material extracted (overburden and river alluvium) and how it is transported. While at the Pribbenow (La Loma) mine, there has been a decrease in the extraction of coal and overburden, the El Descanso Norte mine has been increasing production in recent years.

Another important factor that accounts for the difference in emissions of particulate matter is the use of

<sup>30</sup>. For Drummond Ltd., NO<sub>x</sub> and SO<sub>x</sub> emissions are not significant, since measurements taken at the projects have hydrically shown values that comply with environmental regulations, even below the quantification limits used in the analysis methods.

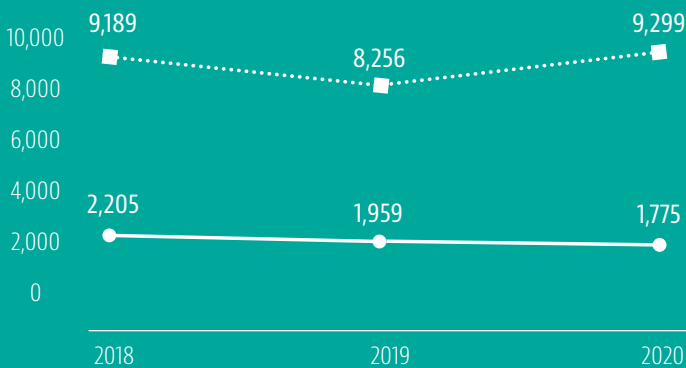


backfilled areas to dispose of the material that has been excavated; while at the Pribbenow (La Loma) mine, nearly 100% is used in backfilled areas, at the El Descanso Norte mine close to 45% is used. In the latter case, this means that longer routes and/or distances must

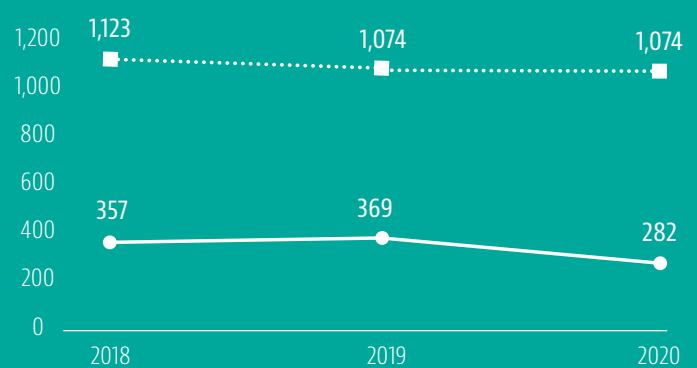
be traveled to dispose of material in the dumping areas. This greater use of backfilled areas at the Pribbenow mine is only possible due to this project's longer operating time and its unique conditions that make it possible.

## THE PRIBBENOW (LA LOMA) MINE, THERE HAS BEEN A DECREASE IN THE EXTRACTION OF COAL AND OVERBURDEN

GRAPHIC 33.  
PM10 (tons/year) emissions at Drummond Ltd.



GRAPHIC 34.  
PM2.5 (tons/year) emissions at Drummond Ltd.



—●— La Loma      - - - ■ - - - El Descanso Norte

—●— La Loma      - - - ■ - - - El Descanso Norte

Thanks to Drummond Ltd's different strategies to identify and monitor emissions of particulate matter generated at the projects, the Company performs multiple analyses of the behavior and conditions that could cause significant variations, in order to prevent this material from spreading. To do so, it has a control strategy based on the internal

real-time air quality monitoring network for the mining projects that takes into account operational factors and climate variables such as the wind and its direction, to predict the dispersion of particulate matter, and anticipate or execute the measures to be applied in the areas of direct and indirect influence.



[DLTD-05]

## CLIMATE CHANGE

Achieving a reduction in GHG emissions from the use of fossil fuels is one of Drummond Ltd.'s objectives, within the framework of its environmental performance on air quality. To do so, it has a series of initiatives that allow it to manage the emissions that are generated.

The implementation of the plan to convert the fleet of light vehicles to consumption of natural gas significantly reduces GHG emissions. In 2020 there were a total of 479 vehicles, of which 239 have an NGV system, equivalent to the conversion of 50% these vehicles.

In terms of energy efficiency, Drummond Ltd. implements practices and operations that allow it to optimize use of and demand for the different modes of energy that the Company needs. It has a turbo generator plant that uses mostly natural gas to operate.

The practices referred to above produce lower emissions compared to the use of fossil fuels, and have led to a reduction in scope 1 and 2 emissions for the mines and the port, so that for 2020 the amount was 1,517,918 tons of CO<sub>2</sub>eq, which compared to 2019 means a reduction of 9.83%.

Our contractor Consorcio DIA S.A. has a fleet of tractor trailers that operate with compressed natural gas, a sustainable transportation that reduces annual CO<sub>2</sub> emissions by 764.3 tons.

## MILESTONES

1. With the goal of contributing to mitigating the effects of climate change caused by global warming, Drummond Ltd. replaced the use of diesel fuel with biodiesel in its vehicles starting at the beginning of September 2020.

Biofuel from plant and renewable sources will be provided by the Biocosta group, a Colombian company that is an international seller of palm oil and producer of biodiesel with five extraction plants located in Cesar and Magdalena; it is the only producer of distilled biodiesel in the country.

## CHALLENGES 2021

1. To finalize the epidemiological study<sup>32</sup> to determine whether there is any relationship between personal risk factors, access to healthcare and the environment, and the respiratory and dermatological health of residents of the area of influence of the coal mining operations in the center of the Cesar Department<sup>33</sup>.
2. To keep daily emissions of particulate matter at the port below 300  $\mu\text{g}/\text{m}^3$ .
3. To reduce daily emissions of PM10 particulate matter at the mining projects to less than 254  $\mu\text{g}/\text{m}^3$ .
4. Reduce consumption of diesel fuel by 4.5 million gallons/year, which will mean that emissions will be mitigated by 45,000 tons of  $\text{CO}_2$  per year.

<sup>32</sup>. Due to the COVID-19 pandemic nationwide, the epidemiological study could not be completed in 2020, as planned.

<sup>33</sup>. If it is found that there is a direct relationship between the health of the neighboring communities and the activities associated with the mining operations, a strategy will be designed and implemented to take the necessary measures.



PROTECTING BIODIVERSITY



## MARTA LUZ GUERRA

ADMINISTRATIVE DIRECTOR,  
GEORGE DAHL HYDROBIOLOGICAL  
FOUNDATION

**“Drummond Ltd. maintained its biodiversity commitments during 2020 in the best possible way. Despite the various difficulties it faced due to the pandemic, the Company ensured that environmental issues remained part of its social responsibility and sustainability strategies. It also continued to conduct constant monitoring in the biosensor and rehabilitation areas, yielding positive results such as the richness of reported species, as well as the abundance of individuals recorded in the process.**

One of the greatest successes in biodiversity was the rescuing of wildlife in 2020. Approximately 97 groups of species were rescued and relocated.” ■

# Protecting biodiversity

Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its protection of biodiversity, it contributes to:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING



#### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.

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



#### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.

- Environmental sustainability
- **Conservation and restoration**



#### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.

- Education and training
- Creating opportunities
- Work environment



#### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.

- Transparency and citizen oversight
- Institutional and community strengthening

## Targets

**Target 15.1:** Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and the services they provide that are located within Drummond Ltd.'s operations.

**Target 15.2:** Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation at Drummond Ltd.'s operations.

**Target 15.4:** Ensure the conservation of mountain ecosystems to enhance their capacity to provide benefits that are essential for sustainable development.

**Target 15.5:** Take urgent and significant action within Drummond Ltd.'s operations to reduce the degradation of natural habitats, halt the loss of biodiversity, protect threatened species and prevent their extinction.

**Target 15.a:** Mobilize and significantly increase financial resources from all sources to conserve and sustainable use biodiversity and ecosystems.



## Protecting biodiversity

### GRI [103-1]

The tropical dry forest is one of the country's most vulnerable ecosystems, and its area has a trend toward reduction. Drummond Ltd.'s mining and port operations are located in this type of ecosystem, and it is aware that open-pit mining has a significant impact, starting with the removal of vegetation that affects the soil and wildlife.

For this reason, it is essential for the Company to create processes that make it possible to protect biodiversity. This is one of its basic pillars, aligned with its commitment to sustainability. Drummond Ltd. concentrates its technical and economic efforts on preventing, avoiding or mitigating these impacts, and if this is not possible, on compensating for the impact caused on the affected ecosystem.

### GRI [103-2]

Drummond Ltd.'s mining project is executed in synergy with its goal of protecting biodiversity. To do so, it is necessary to design strategies to minimize its impact on ecological communities. These strategies are the result of an exhaustive and systematic understanding of the behavior of the ecosystem that the Company has achieved through monitoring the areas under conservation and those that are in the ecological recovery process. This ensures that the strategies are more effective and that mining becomes an ally of protecting biodiversity.

Below are the actions that make up Drummond Ltd.'s structured strategy in terms of caring for and protecting the region's biodiversity:



Complete a rigorous mining planning exercise to only disturb those areas that are strictly necessary.



Before doing work that would disturb land or aquatic ecosystems, relocate wildlife using a displacement, rescue and release protocol with a team of experts and multiple capture techniques, to guarantee their care.



Propagate native species from the tropical dry forest in the forest nurseries at the mine and port.



Protect, preserve and restore any natural areas that will not be disturbed (streams, forests, grasslands), in such a way that it is possible to maintain natural ecosystems with a significant number of species of fauna and flora.



Before logging, rescue seedlings and seeds from the most ecologically important forest species or those that are threatened to some degree.



Recover soil from the disturbed areas for later use in the areas affected by the progress of the mining and/or port activity.



Rescue animals that are at risk and/or that represent a risk at the mining and port operations with the implementation of a permanent brigade that operates 24 hours a day.



Make all employees, contractors and visitors aware of respecting and protecting biodiversity.



Assist in the ecological recovery process in the dumping areas and diverted riverbeds.



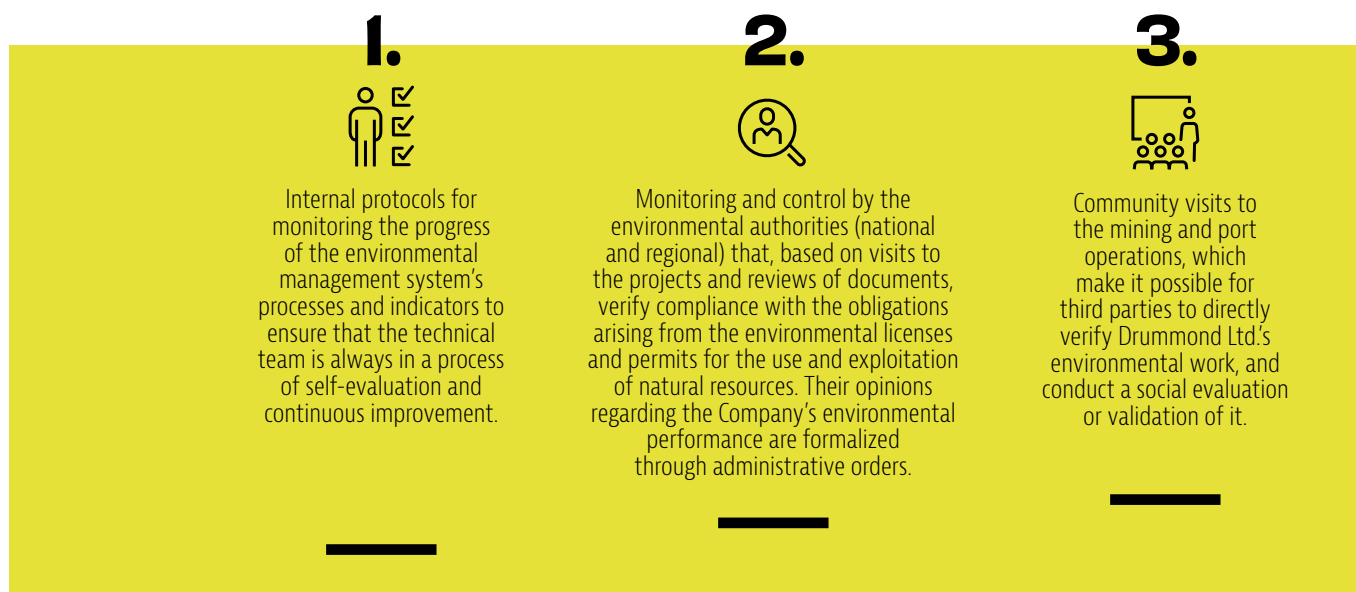
## THE PROGRAM IN THE MINING AREA SEEKS TO CREATE A BIOLOGICAL CORRIDOR BETWEEN THE ZAPATOSA SWAMP, THE CESAR RIVER VALLEY AND THE SERRANÍA DEL PERIJÁ MOUNTAIN RANGE.

Drummond Ltd. has an Environmental Compensation Program that is aimed at compensating for the impacts that, because of their magnitude, have not been avoided, prevented or mitigated. This program is based on three strategies: preserving and/or conserving fragments of natural ecosystems, rehabilitating degraded areas, and promoting sustainable productive practices such as agroforestry and silvopastoral systems. The program in the mining area seeks to create a biological corridor between the Zapatosa swamp, the Cesar River valley and the Serranía del Perijá mountain range. The

owners, occupants and/or landholders of the properties in the strategic areas that voluntarily decide to participate in the program sign an agreement that assigns them responsibilities and benefits for preserving, restoring and implementing sustainable practices to consolidate the corridor.

GRI [103-3]

The strategy developed to address protecting biodiversity is evaluated using different mechanisms, such as:



### HABITATS PRESERVED, RESTORED OR BEING COMPENSATED

GRI [304-3]

For Drummond Ltd., it is a priority to ensure the preservation and/or conservation of biodiversity, since it is one of the goals of its environmental management. For this reason, the Company has dedicated its efforts to conducting periodic biotic studies to identify and recognize the state of conversion of the ecosystems where its operations are carried out. With the results obtained,

management protocols are designed, which are implemented in each stage of the projects, in order to avoid, control, mitigate and compensate for the impacts on flora and fauna.

Below, tables 30 and 31, describe the areas in which some of these protocols are being implemented, both at the mines and the port:



TABLE 30.  
Habitats preserved, restored or being compensated at the mine

| <b>SORORIA RIVER BASIN</b>   |   |
|--|---|
| STATUS: COMPENSATED – RESTORATION  |   |
| DESCRIPTION  | COMMENTS  |
| <ul style="list-style-type: none"> <li>· Sororia River</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· Colombia, municipality of La Jagua de Ibirico</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· Area: 11 ha</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· The restoration process of the areas where the measures were implemented is progressing in accordance with the established goals.</li> </ul>  | <ul style="list-style-type: none"> <li>· In 2020, monitoring was conducted to establish the progress of the areas undergoing restoration. The results were positive in terms of the successional state of the vegetation and the production of the 260 water sources identified.</li> </ul> |
| <ul style="list-style-type: none"> <li>· The Regional Autonomous Corporation of Cesar (Corpocezar) verified the project's progress during 2020.</li> </ul>   |   |
| STATUS: COMPENSATED – PRESERVATION   |   |
| <ul style="list-style-type: none"> <li>· Sororia River</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· Colombia, municipality of La Jagua de Ibirico</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· Area: 382 ha</li> </ul>   |   |
| <ul style="list-style-type: none"> <li>· The areas remain in a good state of conservation.</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· The Regional Autonomous Corporation of Cesar (Corpocezar) verified the project's progress during 2020.</li> </ul>   |   |
| <b>NORTH DUMPING AREAS, E1 AND E2</b>  |   |
| STATUS: RECOVERY   |   |
| DESCRIPTION  | COMMENTS  |
| <ul style="list-style-type: none"> <li>· North Dumping Areas, E1 and E2.</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· Colombia, municipality of La Jagua de Ibirico</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· Area: 205.62 ha.</li> </ul>   |   |
| <ul style="list-style-type: none"> <li>· At the end of 2020, the implementation of the ecological protocol was completed on 101 ha of the dumping areas from the La Loma and El Descanso mines, and on the construction of the respective water management system.</li> </ul>  | <ul style="list-style-type: none"> <li>· During 2020, 132,967 native trees were planted in the North Dumping Area.</li> </ul>   |
| <ul style="list-style-type: none"> <li>· The implementation of the recovery process in the affected areas is verified by the National Environmental Licensing Authority (ANLA), the entity in charge of monitoring compliance with the legal-environmental obligations derived from the environmental licenses for the mining projects.</li> </ul> |   |



**PAUJIL AND SAN ANTONIO CANALS**

STATUS: RECOVERED

| DESCRIPTION  | COMMENTS   |
|--|--|
| <ul style="list-style-type: none"><li>· Paujil and San Antonio Canals</li><li>· Colombia, municipality of La Jagua de Ibirico</li><li>· Area: 177 ha</li><li>· The Paujil and San Antonio canals are the result of the diversion of the natural riverbed of the Paujil canal and the San Antonio stream, projects that were executed years ago at the La Loma – Pribbenow Mine coal project. In 2020, the protocol for the recovery of affected areas was implemented again along some sections of the banks of the canals where the expected results were not obtained. For this reason, in 2021 the re-planting process will move forward.</li></ul> | <ul style="list-style-type: none"><li>· During 2020 the native tree species that had been planted were maintained.</li></ul> |
| <ul style="list-style-type: none"><li>· The implementation of the recovery process in the affected areas is verified by the National Environmental Licensing Authority (ANLA), the entity in charge of monitoring compliance with the legal-environmental obligations derived from the environmental licenses for the mining projects.</li></ul>   |  |



TABLE 31.  
Habitats preserved, restored or being compensated at the mine

| <b>TORIBIO RIVER BASIN</b>  |   |
|---|---|
| STATUS: COMPENSATED – RESTORATION   |   |
| DESCRIPTION   | COMMENTS  |
| <ul style="list-style-type: none"> <li>· Toribio River Basin</li> </ul>   |   |
| <ul style="list-style-type: none"> <li>· Colombia, city of Santa Marta</li> </ul>   |   |
| <ul style="list-style-type: none"> <li>· Area: 26 ha</li> </ul>   |   |
| <ul style="list-style-type: none"> <li>· In 2020 maintenance was carried out of the species planted in the Port Forestry Compensation Program. According to the analysis of the structure and composition of the plant community, it was established that the trees already planted have an average height of 6 m, with species such as <i>Cassia fistula</i> (golden shower), <i>Annona muricata</i> (soursop), <i>Inga sapindoides</i> (guamo), <i>Pterocarpus acapulcensis</i> (sangregao) and <i>Piper aduncum</i> (spiked pepper), standing out due to their abundance and dominance.</li> </ul> | <ul style="list-style-type: none"> <li>· The compensation program has improved the ecological dynamics of the forest, since the diversity of flora and fauna species has increased, and the natural regeneration process has benefitted.</li> </ul>               |
| <ul style="list-style-type: none"> <li>· The compensation program is verified by the Regional Autonomous Corporation of Magdalena – Corpamag.</li> </ul>  |   |
| <b>HYGROPHYTIC FOREST</b>   |   |
| STATUS: COMPENSATED – RECOVERY  |   |
| DESCRIPTION   | COMMENTS  |
| <ul style="list-style-type: none"> <li>· Colombia, municipality of Ciénaga</li> </ul>   |   |
| <ul style="list-style-type: none"> <li>· Area: 0.9 ha</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>· During 2020, the maintenance plan for the conservation areas was fulfilled.</li> </ul>   | <ul style="list-style-type: none"> <li>· Puerto Drummond's hygrophytic forest continues to advance through the recovery process, becoming a habitat that offers important resources for numerous species of flora and fauna (aquatic and terrestrial).</li> </ul> |
| <ul style="list-style-type: none"> <li>· The compensation program is verified by the Regional Autonomous Corporation of Magdalena – Corpamag.</li> </ul>  |   |



**NUMBER OF SPECIES INCLUDED ON THE IUCN RED LIST AND NATIONAL CONSERVATION LISTS WITH HABITATS LOCATED IN AREAS AFFECTED BY OPERATIONS, ACCORDING TO THE SPECIES' LEVEL OF DANGER OF EXTINCTION**

GRI [304-4]

**THE DUMPING AREAS OR OVERBURDEN DEPOSITS BECOME A REFUGE FOR WILDLIFE AND NICHES FOR THE NATURAL REGENERATION OF NATIVE SPECIES, ONCE THEY BEGIN THEIR ECOLOGICAL RESTORATION PROCESS.**

At the mining and port operations there are areas dedicated to the conversion and restoration of the ecosystems, which are currently the habitats for different species of flora and fauna from the region. At the same time, the dumping areas or overburden deposits become a refuge for wildlife and niches for the natural regeneration of native species, once they begin their ecological restoration process.

These interventions carried out at the projects and the use of soil on the neighboring properties are a major breakthrough in the ecological sphere, and at the same time represent an opportunity to preserve the populations of flora and fauna present in the areas of the mining and port operations.

Tables 32 and 33 list the species that are included on the lists of endangered species, and that have been recorded on the Company's property:

TABLE 32.  
Species on conservation lists at the mining operations

| CRITERIA                      | NAME OF PLANT SPECIES (SCIENTIFIC + COMMON)   | NAME OF ANIMAL SPECIES (SCIENTIFIC + COMMON)  |
|-------------------------------|---|---|
| Critically endangered species |   | 1. <i>Crax alberti</i> (Blue-billed Curassow)   |
| Endangered species            | 1. <i>Bulnesia arborea</i> (Verawood)<br>2. <i>Licania arborea</i> (Licania)<br>3. <i>Elaeis oleifera</i> (Oil Palm)<br>4. <i>Aspidosperma polyneuron</i> (Peroba Rosa)<br>5. <i>Parinari pachyphylla</i> (Rusby)<br>6. <i>Prioria copaifera</i> (Cativo)<br>7. <i>Jatropha curcas</i> (Barbados nut) | 1. <i>Chelonoidis carbonarius</i> (Red-footed Tortoise)<br>2. <i>Puma concolor</i> (Cougar)   |
| Vulnerable species            | 1. <i>Lecythis tuyrana</i> (Monkey pot)<br>2. <i>Cedrela odorata</i> (Spanish cedar)<br>3. <i>Pterocarpus acapulcensis</i> (sangregao tree)   | 1. <i>Trachemys callirostris</i> (Colombian slider)<br>2. <i>Prochilodus magdalenae</i> (bocachico)   |
| Near threatened species       |   |   |
| Least-concern species         | 1. <i>Tabebuia billbergii</i> (Kibrahacha)  | 1. <i>Vanellus chilensis</i> (Southern lapwing)<br>2. <i>Dendrocygna autumnalis</i> (Black-bellied whistling duck)<br>3. <i>Burhinus bistriatus</i> (Double-striped thick-knee)<br>4. <i>Brotogeris jugularis</i> (Orange-chinned parakeet) |

TABLE 33.  
Species on conservation lists at the port

| CRITERIA                      | NAME OF PLANT SPECIES (SCIENTIFIC + COMMON)   | NAME OF ANIMAL SPECIES (SCIENTIFIC + COMMON) |
|-------------------------------|---|--|
| Critically endangered species |   |  |
| Endangered species            | 1. <i>Aspidosperma polyneuron</i> (Peroba rosa)                                     |  |
| Vulnerable species            |   |  |
| Near threatened species       |   | 1. <i>Calidris pusilla</i> (Sandpiper)       |
| Least-concern species         | 1. <i>Albizia niopoides</i> (Silk tree)<br>2. <i>Copernicia tectorum</i> (Wax palm) |  |

**AMOUNT OF LAND (OWNED OR LEASED, FOR PRODUCTION ACTIVITIES OR EXTRACTIVE USE) DISTURBED OR REHABILITATED**

[GRI MM1]

Drummond Ltd. has designed and implemented a recovery protocol for areas that have been disturbed, aimed at inducing plant succession processes and recovering the ecological functioning of the dumping areas and diverted riverbeds, the main areas of intervention during the operation. This protocol is developed in two main stages:



**Preparing the land:**

its objective is to improve physical conditions through morphological restructuring, incorporating the organic soil horizon and plowing or scarification.

**Revegetation:**  
a phase that includes sowing herbaceous and shrub species, and planting tree species.





Below is an account of the areas disturbed by the progress of the mining projects and those that have been recovered:

TABLE 34.  
Land disturbed and rehabilitated

| TOPIC  | 2015     | 2016     | 2017     | 2018     | 2019     | 2020     |
|--|----------|----------|----------|----------|----------|----------|
| Total amount of land disturbed and not rehabilitated at the beginning (A)                        | 5,228 ha | 5,486 ha | 5,534 ha | 5,647 ha | 6,302 ha | 6,722 ha |
| Total amount of land disturbed, excluding the land taken into account in the component above (B) | 316 ha   | 119 ha   | 256 ha   | 772 ha   | 518 ha   | 669 ha   |
| Total amount of land rehabilitated (C)   | 58 ha    | 71 ha    | 143 ha   | 117 ha   | 98 ha    | 101 ha   |
| Total amount of land disturbed and not rehabilitated A + B - C = (D)                             | 5,486 ha | 5,534 ha | 5,647 ha | 6,302 ha | 6,722 ha | 7,290 ha |

In 2020, progress in the mining projects was seen in terms of the area disturbed to expand the pits, the installation of infrastructure or the construction of dumping areas. It is important to note that not all affected surfaces are recovered immediately. The majority of the areas will be restored during the project closure phase.

To date, the protocol for the recovery of the affected areas has been implemented on

**1,346**

hectares of the Pribbenow and El Descanso projects, that is, almost

**16 %**

of the total area affected by the progress of mining operations



**THE NUMBER AND PERCENTAGE OF TOTAL SITES IDENTIFIED AS REQUIRING BIODIVERSITY MANAGEMENT PLANS ACCORDING TO STATED CRITERIA, AND THE NUMBER AND PERCENTAGE OF THOSE SITES WITH PLANS IN PLACE**

[GRI MM2]

Drummond Ltd.'s projects each have Environmental Management Plans (EMPs) approved by the ANLA when the respective environmental licenses were granted. Each EMP includes a group of specific environmental management and monitoring data sheets to manage the impact that the development of the projects would have on the flora and fauna. The sheets focus on rescuing animals in the areas that would be disturbed or that are in operation, to later release them in

the conservation areas. These sites are relics of natural ecosystems that offer a habitat that is appropriate for their survival and reproduction, and that have conditions equivalent to those of their original habitat. In the case of vegetation, seeds and seedlings are also rescued to propagate or keep them in forest nurseries and later plant them in areas in ecological recovery, such as dumping areas, for example.

The mining and port projects provide provisioning, regulating and cultural ecosystem services for the community. The provisioning, associated with water resources and wildlife, has meant that, thanks to the efficient use and management of water in the mines and at the port, the community that uses the middle and lower basins of the San Antonio stream and the Toribio river have a permanent water flow, even during dry periods. Additionally, the forests and grasslands that are preserved are a habitat for wildlife communities where some nearby residents hunt or fish for their livelihood.

Regulation services are reflected through the maintenance of key ecological functions such as water and microclimate regulation and the maintenance of habitats for flora and fauna that are provided by the areas in conservation, such as those that are in the recovery process.



**ADDITIONALLY, ENVIRONMENTAL EDUCATION PROJECTS ARE CONDUCTED FOCUSED ON THE COMMUNITIES, EMPLOYEES, CONTRACTORS AND VISITORS, AND THUS CONSTITUTE CULTURAL ECOSYSTEM SERVICES.**



## EMERGING RISKS

[DLTD-05]

The emerging risks that arise in biodiversity management are the unsuccessful results of the recovery processes in areas affected by drought, phytosanitary problems or low soil fertility, which can cause high seedling mortality rates or low germination percentages.

The risks to wildlife correspond to the increase in their populations, which attracts poachers, who represent a constant threat to the animals. There are also forest fires, which, although they are part of the natural dynamics of the ecosystems of the area, are sometimes caused by the improper disposal of waste and/or traditional agricultural practices on neighboring properties that, despite internal management, place conservation or recovery areas at risk.

**DRUMMOND LTD. IDENTIFIES THE RISKS IN MANAGING BIODIVERSITY THAT MAY AFFECT THE RESULTS OF THE RECOVERY PROCESS IN THE AFFECTED AREAS AND THE PROTECTION OF FLORA AND FAUNA.**





## Milestones

- |   |   |
|---|---|
| <p>1. Drummond Ltd. started execution of the Forest Compensation Program for the Pribbenow Mine coal project on at least <b>1,000</b> hectares of the San Antonio stream sub-basin.</p> | <p>2. During 2020, <b>101</b> hectares were recovered within the Pribbenow and El Descanso mines.</p> |
|---|---|

## Challenges 2021

- |  |  |   |
|--|--|---|
| <p>1. Request the closure of two of the files from the Forest Compensation Program for the Toribio river basin (Puerto Drummond project) from the Regional Autonomous Corporation of Magdalena – Corpamag.</p> | <p>2. Obtain approval from ANLA of the Compensation Program for Biodiversity Loss from the southern expansion of the La Loma – Pribbenow Mine coal project, after consulting with Corpocesar.</p> <p>* This challenge was postponed to 2021, in response to Corpocesar's request to continue managing the involvement of the Yukpa indigenous community in the design and implementation of this Compensation Program.</p> | <p>3. Reach an agreement with Corpocesar on the design for the Forest Compensation Program for the El Descanso mining project (North Sector and Phase 1 South) to then be submitted to the ANLA.*</p> <p>4. Implement the recovery protocol for areas that have been disturbed on no less than 150 ha within the Pribbenow and El Descanso mines.</p> |
|--|--|---|



-04-

# GOVERNANCE FOR **DEVELOPMENT**

# Regional participation and relations

Drummond Ltd. confirms its commitment to continue working for economically viable, environmentally sustainable and socially responsible mining, through the operational management of its Corporate Social Responsibility Strategy, which contributes to meeting the Sustainable Development Goals. Through its relational participation and relations, it contributes to:

## CONTRIBUTION TO MEETING SUSTAINABLE DEVELOPMENT GOALS



### CSR STRATEGY

#### CONTRIBUTION TO CAPACITY-BUILDING



#### PEACE AND HUMAN RIGHTS

Strengthen stakeholders' capacities to build a peaceful, just, responsible society that promotes respect for human rights.

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



#### ENVIRONMENTAL PERFORMANCE

Strengthen business capabilities that ensure world-class environmental performance.

- Environmental sustainability
- Conservation and restoration



#### COMPREHENSIVE DEVELOPMENT

Strengthen local capacities for the well-being and prosperity of employees, their families and the communities in the area of influence.

- Education and training
- Creating opportunities
- Work environment



#### GOVERNANCE FOR DEVELOPMENT

Strengthen local capacities for greater efficiency in planning and public administration.

- **Transparency and citizen oversight**
- Institutional and community strengthening

## Targets

**Target 16.5:** Promote a culture of legality, to reduce and prevent corruption and bribery in all their forms and ethical, human rights and corporate breaches at the Company's various locations and among its stakeholders.

**Target 16.6:** Participate in and create spaces at all levels of effective and transparent institutions that are accountable.

**Target 17.17:** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.



## LUIS FERNANDO DE ANGULO

EXECUTIVE DIRECTOR OF THE REGIONAL CENTER FOR RESPONSIBLE BUSINESS AND ENTERPRISE (CREER)

**“At CREER – under the criteria** of a healthy and independent relationship that goes beyond just being transactional – we have witnessed Drummond Ltd.’s interest in participating, informing and listening in new, more open ways on complex issues with several actors in the region. This has allowed it to make gains and progress in the direction of a stronger social license. We appreciate that Drummond Ltd. has taken careful steps with a commitment to building trust: we know that building trust is not a unilateral act, but rather the interaction of different opinions where you need to be willing to go find common points and ideas and accept your differences in disagreements as a normal part of the process.

I have seen in Drummond Ltd. a greater commitment to human rights standards, especially the Voluntary Principles on Security and Human Rights,

the United Nations Guiding Principles on Business and Human Rights and in its due diligence processes. They have been very clear in following them and making their commitment public and, in turn, promoting initiatives such as the prevention of violence against organizations and leaders, adopting protocols that have been designed in the professional settings of coal companies. Drummond Ltd. has been there, working on their construction and then their application.

At CREER we have been first-hand witnesses, and we have also contributed to a common goal, because the dynamics of exclusion and violence have multiple causes, and attending events with communities, leaders, the company and institutions to seek new mechanisms for collaboration has been an important benchmark that, on several occasions, we have been able to set as an example.” ■

**“I have seen in Drummond Ltd. a greater commitment to human rights standards, especially the Voluntary Principles on Security and Human Rights, the United Nations Guiding Principles on Business and Human Rights and in its due diligence processes.”**



## Regional participation and relations

[GRI 103-1]

It is critical for Drummond Ltd. to manage the risks related to its operations while also generating value for its stakeholders. It does so by strengthening relationships with employees, contractors, the government, the community and civil society organizations and associations, both national and regional, through specific actions and alliances that the Company makes with each stakeholder, especially those located in its area of influence.

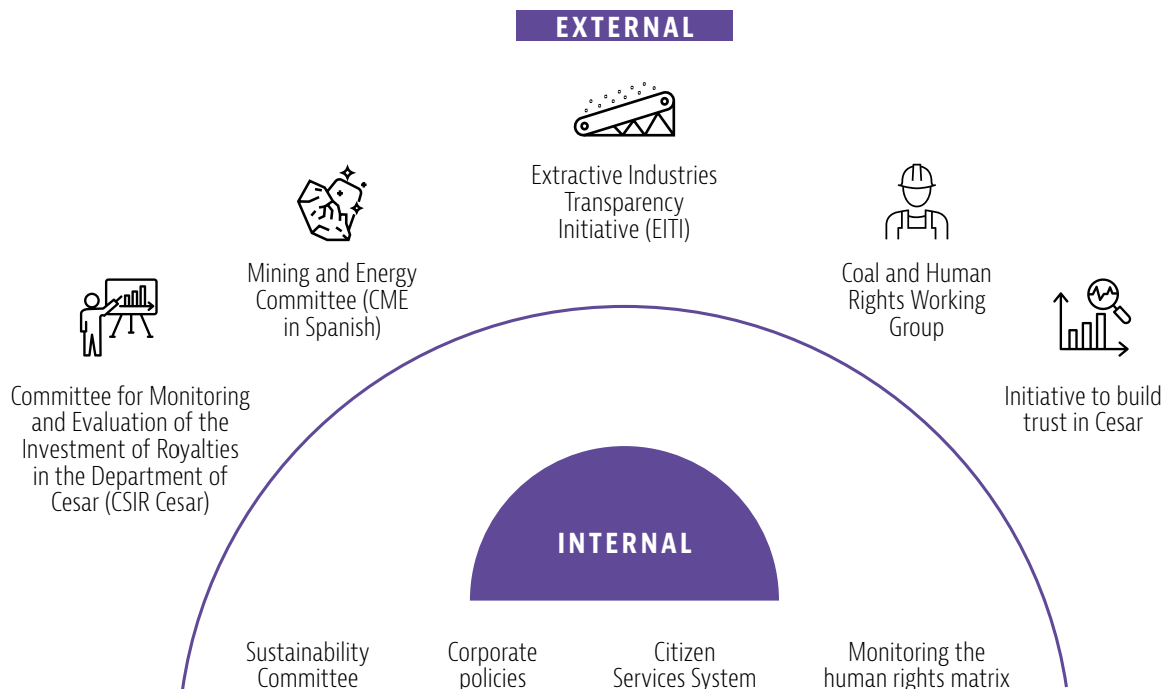
Drummond Ltd. has risk matrices that seek to identify the impacts that it could have in terms of human rights, the environment and its social and work environment, with the aim of safeguarding relationships with its stakeholders and avoiding impacts on the communities that could possibly affect the optimal development of the operation.

The risks identified by the Company that affect Drummond Ltd.'s participation and its relationships in the region are related to security processes and human rights, community relations and citizen protests. These are included in the risk matrix and have management measures in place, since a situation that is poorly managed could affect its social license to operate and the stability of the region.

[GRI 103-2]

[GRI 103-3]

The identification and management of risks associated with regional relationships takes place through two approaches, one internal and the other external, as shown below:





**THE SUSTAINABILITY COMMITTEE WAS ESTABLISHED DURING 2020 AS A "STRATEGIC COMMITTEE," WHICH REITERATED THAT DRUMMOND LTD.'S PARTICIPATION IN THE REGION, AND ITS RELATIONSHIP WITH ITS VARIOUS STAKEHOLDERS, IS VITAL FOR THE FUNCTIONING OF THE OPERATION.**

Regional relationship risks are managed from an internal standpoint through the establishment of specific objectives that are based on corporate sustainability policies, as well as environmental, human rights, community and resettlement policies. Using these bases, Drummond Ltd.'s Sustainability Committee holds meetings at which it identifies, analyzes and evaluates the risks, challenges and opportunities related to regional relationships, and generates strategies to manage them.

During 2020, due to the crisis brought about by the COVID-19 health emergency, meetings were held on a daily basis. During these meetings, the committee evaluated the best alternatives to affectively address the situations that this challenge presented to the Company's operational viability in the region. As of November 2020, the meetings were changed to twice a week, a schedule that continued for the rest of the year.

The Sustainability Committee was established during 2020 as a "Strategic Committee," which reiterated that Drummond Ltd.'s participation in the region, and its relationship with its various stakeholders, is vital for the functioning of the operation. This critical issue took on even more importance, not only due to the crisis caused by the pandemic, but also because of the general situation of the mining industry in the region. Faced with other companies' suspensions of operations, the Company's main challenge was to work to maintain

decent and productive work for all of its employees. In response, matrices were developed to identify risks, weaknesses and strengths, to establish control measures and to implement different strategies that would allow for the continuity and sustainability of Drummond Ltd.'s operations.

It began with a consolidation phase, where the communities, municipal authorities, community and church leaders, employees, contractors and suppliers played a critical role, with Drummond Ltd. working hand-in-hand with them to move forward in the face of the difficulties brought by the pandemic. After establishing the operations under strict biosafety protocols and following the standards established by the World Health Organization (WHO) and the Colombian Ministry of Health, the company proceeded with the gradual return of its employees, as soon as the situation allowed, until reaching the maintenance and control of the operations.

It was a significant challenge for Drummond Ltd. to be able to coordinate its work with all of its stakeholders in the region. It is worth noting that the internal work carried out by all departments was presented and communicated externally, and received the support and approval of all stakeholders. In this way, the Company's participation and relationships in the region maintain a favorable dynamic, which help the viability of the business and strengthens the relationships with each of the stakeholders.

Additionally in 2020, the Company with the support of Ardura S.A.S. updated its human rights risk matrix, which includes the methods for managing each risk. The progress of each method is reviewed every six months. This matrix has been shared with employees, contractors and the communities.



[GRI 415-1]

DRUMMOND LTD., IN ACCORDANCE WITH THE COMPANY'S CODE OF CONDUCT, EXPRESSLY PROHIBITS MAKING DONATIONS AND CONTRIBUTIONS TO POLITICAL PARTIES AND/OR THEIR MEMBERS.

The Company also has claims mechanisms, which are tools that contribute to the construction and strengthening of its business efforts, and provide it with the viewpoint and participation of internal and external actors that enrich its management of impacts and risks.

In its external approach, the Company's work takes place through constant relationships with other key actors in the initiatives in which Drummond Ltd. participates, namely: the Coal and Human Rights Working Group and the Mining and Energy Committee on Security and Human Rights, in which an analysis and evaluation is conducted each month on the initiatives managed by the Company. It is part of the Sustainability, Environmental, Human Rights and Communications Committees of trade associations such as the Colombian Mining Association (ACM), the National Association of Entrepreneurs (ANDI) and the Council of American Companies (CEA), where opportunities and risks related to regional management are discussed and identified.

With the aim of promoting trust and transparency in the Company's work, Drummond Ltd. participates in the report published by the Extractive Industry Transparency Initiative (EITI), which found no differences between the figures that the Company reports and those submitted by the Colombian government. Likewise, Drummond Ltd. participates in and supports the

Committee for Monitoring the Investment of Royalties (CSIR) in Cesar, preparing joint work plans, and whose results are documented by the Fundación Universitaria del Área Andina in a periodic report.

Another initiative that is aimed at promoting and facilitating dialogue among civil society, businesses and local, regional and national institutions is the Initiative to Build Trust in Cesar, which is coordinated by the Regional Center for Responsible Companies and Entrepreneurs (CREER), the Colombian representative of the Institute for Human Rights and Business (IHRB) from the U.K., with the support of the Embassy of the Netherlands. Drummond Ltd.'s participation in this initiative includes a significant annual economic contribution to ensure the sustainability of the project and a meeting between participants and Company employees in a framework of community dialogue that has facilitated a relationship with the communities and has improved the understanding and relationship between the Company and civil society in Cesar.



[GRI DLTD-04]

### BETTERCOAL



For Drummond Ltd., it is critical to promote transparency in its practices to maintain a good reputation and to strengthen its relationships with stakeholders. For this reason, during 2019, its mining and port operations were independently evaluated under the Bettercoal Code, which promotes improvements in the socio-environmental performance of the coal supply chain and evaluates companies' work. Having its performance evaluated by a third party is the most effective way to show the progress and sustainability of its operation. The Company is proud to note that in 2014, it was the first coal mining company in the world to be audited under the Bettercoal Code, and it underwent a new audit

cycle in 2019. The code consists of 10 principles and 31 provisions with ethical, environmental and social focuses.

Drummond is committed to continue working to achieve high economic, ethical, environmental and social performance. For this reason, in 2020 the Company implemented the Continuous Improvement Plan, a result of the audit, which fulfilled all of the requests made by Bettercoal during the year. Thanks to the efforts and work plans created, practices were improved in areas related to:

The Community Service System (grievances mechanism)

The implementation of human rights matters in its response system

The Company's Social Closure Plan

Its work in terms of gender equality

Which improve the well-being of its employees and all of its stakeholders

Workplace health and safety

Issues related to the environment

**THE WORK EVALUATED BASED ON THE PRINCIPLES OF THE BETTERCOAL CODE, ITS RELATED PROVISIONS AND THE CONTINUOUS IMPROVEMENT PLAN, SHOW SATISFACTORY PROGRESS AND DRUMMOND LTD.'S WORK TO CONSTANTLY IMPROVE THE PROCESSES IN ITS OPERATIONS AND TO BECOME A WORLD-CLASS BENCHMARK.**





## Milestones

During 2020, in a context marked by a critical juncture, specifically the global pandemic, which involved a variety of challenges for all economic sectors, the following results are worth highlighting:

- |  |   |   |
|--|---|---|
| <p>i. Strengthening of the Sustainability Committee as a strategic area that prepared risk matrices and strategies for the normalization of the operations, leading the coordination and articulation with municipal authorities, employees and the communities to address and manage the situations caused by COVID-19.</p> | <p>ii. Updating the risk matrix related to human rights, including the methods for managing each risk.</p> <p>iii. Providing information for the preparation of the EITI Colombia Report.</p> | <p>iv. Supporting the work of the Committee for Monitoring the Investment of Royalties (CSIR Cesar) and the initiative to Build Trust in Cesar.</p> |
|--|---|---|

## Challenges

- |  |   |  |
|--|---|--|
| <p>i. To continue to monitor risks and establish strategies to preserve the stability of the operations and the Company's social license through the Sustainability Committee.</p> | <p>ii. To continue to incorporate human rights risk analyses into the Company's strategic management.</p> | <p>iii. To continue to support regional initiatives to promote transparency and social dialogue.</p> |
|--|---|--|



## NELSON ENRIQUE TESILLO JIMÉNEZ

COMMUNITY LEADER  
ADMINISTRATIVE MANAGER OF  
THE PLAN BONITO FOUNDATION  
– FUNPLANB

**“Drummond Ltd.’s quick biosafety** actions made it possible to reactivate its operations without having to lay off workers. This has been a great success from the Company’s vision.

Drummond Ltd. was in constant contact with the communities, lending a hand when necessary. Contributing to the communities has always been a priority for the Company.” ■

## Resettlement work

[GRI 103-1]

Managing social, economic, environmental and reputational aspects makes it possible to control risks, improving relationships with stakeholders and guaranteeing the Company's license to operate. Resettlement Management is only one of the aspects where the Company focuses its efforts to generate benefits not only for the operations, but also for the communities involved.

### THREE INDEPENDENT PROCESSES ARE BEING CARRIED OUT: PLAN BONITO, EL HATILLO AND BOQUERÓN, WHICH MEET INTERNATIONAL STANDARDS AND NORMS ON RESETTLEMENT, AND ENSURE THE WELL-BEING OF THE COMMUNITIES AND THE SUSTAINABILITY OF THE OPERATION.

In accordance with the law, the resettlement projects are being carried out along with the companies Prodeco and CNR, as well as the support of Socya and Coorambiental as operators, and ERM in the role of auditor. The process consists of preparing a Resettlement Action Plan (RAP) and agreeing with the community on the impacts and management measures. Three independent processes are being carried out: Plan Bonito, El Hatillo and Boquerón, which meet international standards and norms on resettlement, and ensure the well-being of the communities and the sustainability of the operation.

[GRI 103-2]

In order to ensure that each RAP is structured properly, in the context of respecting human rights, the participation of institutions such as the National Environmental Licensing Authority (ANLA), regional and local governments and the Office of the Ombudsman, is encouraged in the dialogue and negotiation processes.

Through negotiation committees, made up of representatives from the community and the mining companies, led by the operator and supported by the auditor, agreements are created together to carry out the resettlement of the population; these talks are attended by advisors for each community.

Currently, the three resettlement processes are in different stages, in accordance with each community's independent and autonomous decisions.

The community of Plan Bonito is in the RAP closing phase; El Hatillo is in the implementation phase and Boquerón is in the diagnostic phase.

In October 2020, CNR reported that it was undergoing a corporate reorganization process with the Superintendency of Corporations, in accordance with Law 116 of 2006, which prevents it from continuing to fulfill its obligations in the resettlement process. Because the three resettlement processes are a joint obligation, Drummond Ltd. identified the need to implement a contingency plan that would make it possible to continue to respond to the information and communication channels with the communities, as well as their most urgent needs, while the national authorities resolve the situation. To do so, the Company continued to move forward with contracting basic services with the operators Socya and Coorambiental, in order to maintain its relationship with the communities and generate inputs to meet administrative and judicial requirements. It also continued to prioritize the health services provided by the Jorge Isaac Rincón Hospital in the municipality of La Jagua de Ibirico, and the Hernando Quintero Blanco Hospital in the municipality of El Paso. Additionally, recognizing the importance of the support programs for higher education in the three communities, the Company independently approved the payment of tuition fees for beneficiaries for Period I-2021; this prevented students from dropping out and other negative social effects.

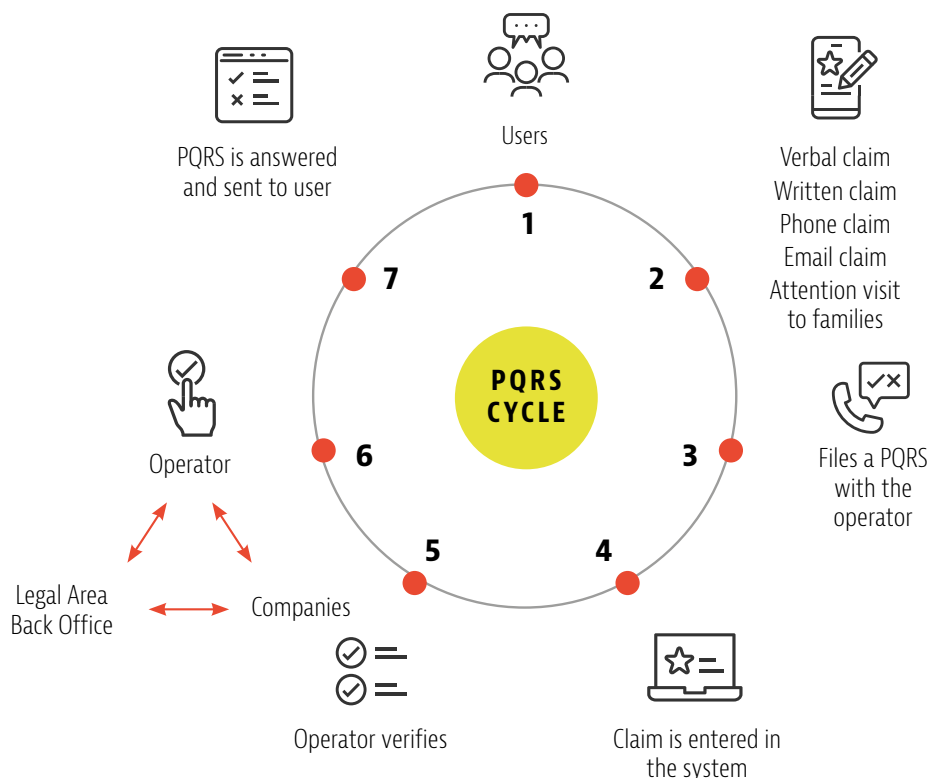


[GRI 103-3]

To strengthen the process and provide opportunities for dialogue, there is a mechanism for receiving petitions, complaints, claims and requests (PQRS, in Spanish) managed by Socya in its capacity as operator through a procedure aimed at the communities and stakeholders involved. The PQRS have established response times and procedures determined and managed by the operator.

Additionally, there are Community Service Offices (CSO) located in the townships of La Loma and Boquerón as well as the village of El Hatillo. These offices, which are shared for use by the companies and the audit firm, receive, file, classify, direct, deliver responses and implement methods for monitoring the PQRS system.

Below is a description of the PQRS system implemented by Socya:

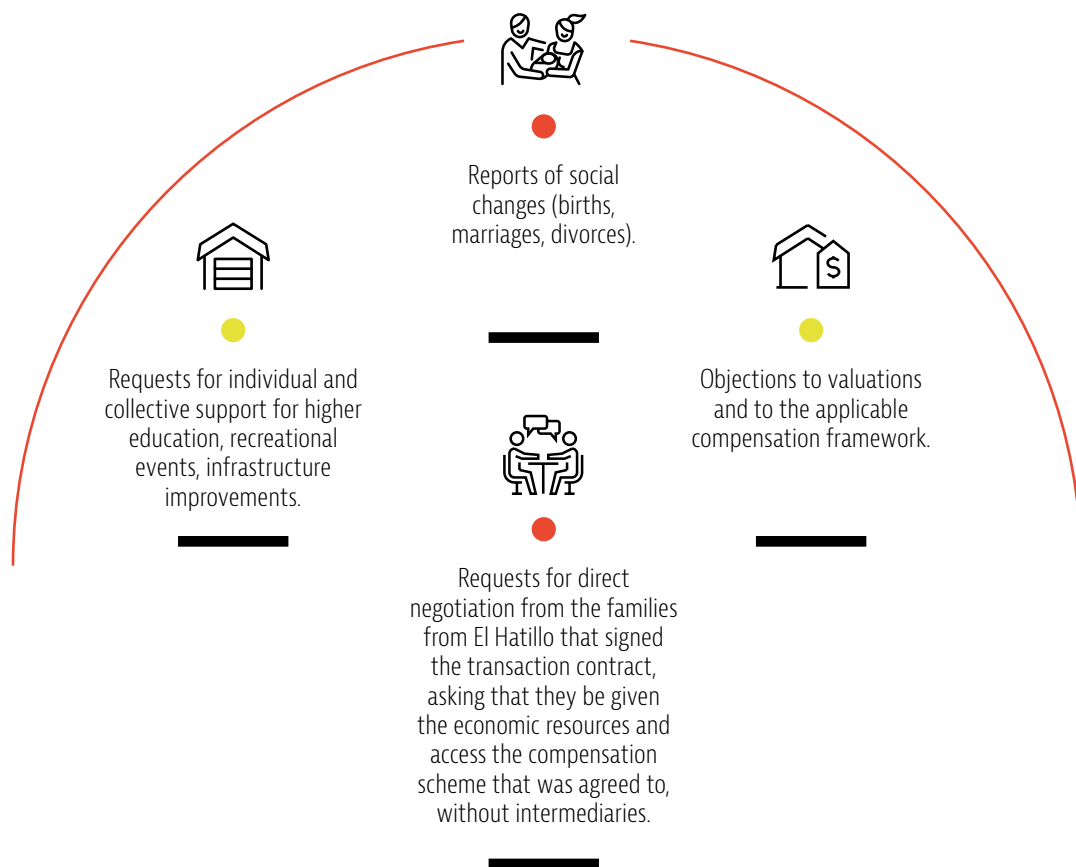


In 2020  
**340**  
**PQRS**  
 were received  
 and  
**224**  
 had been closed as of  
 December 31

|             | 2019          |                 |             | 2020          |                 |             |
|-------------|---------------|-----------------|-------------|---------------|-----------------|-------------|
| Community   | PQRS received | PQRS In process | PQRS closed | PQRS received | PQRS In process | PQRS closed |
| El Hatillo  | 349           | 8               | 421*        | 260           | 106             | 154         |
| Boquerón    | 168           | 2               | 166         | 43            | 7               | 36          |
| Plan Bonito | 15            | 7               | 8           | 37            | 3               | 34          |

\* Some of the requests closed during 2019 correspond to the previous year.

The most frequent issues from the PQRS included the following:



[GRI - MM9]

Below are the results of the resettlement plans and the processes, activities and progress achieved during 2020:

## Boquerón

The start of this project can be traced to 2016 and 2017 with the execution of the topographic survey, which determined the total number of properties involved. In 2019, the instrument for the socioeconomic census with a differential approach was selected and the operation to gather the information was carried out, which was refined and verified in 2020.

Drummond Ltd., as in the community of El Hatillo, has taken steps in favor of social mobility and improving quality of life, which focus on promoting health, recreation, culture and sports among children, youth and senior citizens in the

communities. It also supported the recycling project in the area.

In 2020, the Company built the Community Entrepreneurship Center and Community Center, where community training initiatives aimed at promoting income-generating projects will be held.

### EDUCATION

the companies have helped

**23**

residents with higher education costs

of which

**seven** beneficiaries have completed their academic training,

**two** as Administrative Assistants,

**one** in Bacteriology,

**two** as Nursing Assistants,

**one** as a Heavy Equipment Technician,

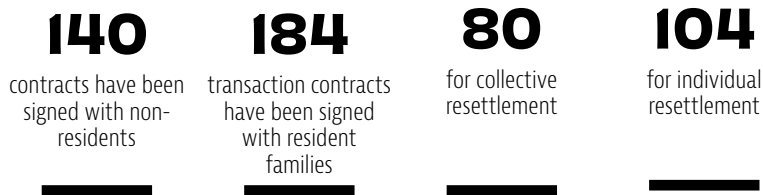
**one** as a Human Resources Assistant.



## El Hatillo

In November 2018, the mining companies and community representatives signed the RAP. In 2019, the first individual resettlement of a family to the city of Valledupar was completed, and the process of acquiring land to relocate families began, which has been operated through a real estate company to maintain options for different

families. Because of this work, 13 households have been relocated to date to different municipalities as individual resettlements. This year, a family-by-family information and consultation process was also carried out to continue with the individual signing of the corresponding contracts with each family group. As a result of this process:



Until October 2020, execution of the RAP was underway, complying with all of the obligations established. Due to the corporate reorganization process that CNR began with the Superintendency of Corporations, activities were suspended, since this situation prevents it from continuing to comply with its commitments in the resettlement process. However, through the contingency plan and investments made independently by Drummond Ltd., actions continued to improve the families' quality of life in coordination with the operators, the Municipal Mayor's Office and the El Paso Hospital, to promote activities that benefit the community.

### HIGHER EDUCATION

**55**  
students have assisted

It is worth noting that

**nine** beneficiaries have completed their academic training,  
**two** as Administrative Assistants,  
**one** in Psychology,  
**one** in English Proficiency,  
**one** as a Labor Technician in administrative processes,  
**one** in Automotive Mechanics,  
**two** as Nursing Assistants,  
**one** in Electromechanical Maintenance for open pit mining equipment.

## Plan Bonito

This Resettlement Plan covered the families relocated in 2014, and the mining companies have implemented the Livelihood Restoration Program since that time. The program promotes initiatives related to education, entrepreneurship, social inclusion and access to basic services that benefit:

The Company has also assisted

**105**

105 students with the Higher Education Fund, which will run through 2025

**98**  
families and have a positive impact on the health

**475**  
people

And it has supported families that had businesses and income-producing projects by providing seed capital and granting microcredits that benefitted 51 families.



## Milestones

During 2020, and taking into account the context of the pandemic, as well as CNR's corporate reorganization, unexpected challenges arose for the Company and its stakeholders. The year's main milestones include:

### Plan Bonito

1. Measures were taken that helped strengthen the community's business units financially.
2. A contingency plan was developed to ensure the continuity of service to the community through PQRS.
3. The Plan Bonito Foundation (FUNPLANB) was strengthened through service orders that helped create jobs.

### El Hatillo

1. A contingency plan was developed to ensure the continuity of healthcare services, disinfection of communal areas of the town center and service to the community through PQRS.
2. The Multi-Active Workers' Cooperative of El Hatillo (Cooperativa Multiactiva de Trabajadores de El Hatillo – COOMULTRAHA) was strengthened through service orders that helped create jobs.
3. Biosecurity supplies were provided for general use by the community.
4. The contracts with community advisors were maintained to guide and support the families in the implementation of the RAP.

### Boquerón

1. The Foundation for the Comprehensive and Sustainable Development of Boquerón (Fundación para el Desarrollo Integral y Sostenible de Boquerón – FUNDEBOQUERON) was strengthened through service orders that helped create jobs.
2. A contingency plan was developed to ensure the continuity of healthcare services, disinfection of communal areas of the town center, the Boquerón Recycles project and service to the community through PQRS.
3. Biosecurity supplies were provided for general use by the community.

## Challenges

1. Finalize the resettlement of the community of Plan Bonito.
2. In cooperation with the authorities, identify the corporate responsibilities in the RAP for El Hatillo to make its implementation feasible for the benefit of the community, taking into account the situations of the other mining companies involved.
3. Defined the Social Intervention Plan for the community of Boquerón.
4. Maintain Drummond Ltd.'s social license to operate.



GRI

# Content



# GRI Content Index



[102-55]

For the Materiality Disclosures Service, GRI Services has reviewed that the GRI content index is clearly presented and the references for content 102-40 to 102-49 are aligned with the appropriate sections in the body of the report. This service was based on the Spanish version of the report.

## GENERAL CONTENT

| Drummond Ltd. GRI Content Index      |                                     |   |  |              |                                    |             |
|--------------------------------------|-------------------------------------|---|--|--------------|------------------------------------|-------------|
| GRI STANDARD                         | CONTENT                             | PAGE / URL / COMMENT  | OMISSION   | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS |
| <b>GRI 102: 2016 GENERAL CONTENT</b> | <b>GRI 101: 2016 Foundations</b>    |   |  |              |                                    |             |
|                                      | <b>Organizational profile</b>       |   |  |              |                                    |             |
|                                      | <b>102-1</b>                        | Name of the organization.   | p. 7.  |              | YES                                |             |
|                                      | <b>102-2</b>                        | Activities, brands, products and services.  | p. 7.  |              | YES                                |             |
|                                      | <b>102-3</b>                        | Location of headquarters  | Bogotá, D. C.<br>p. 7.   |              | YES                                |             |
|                                      | <b>102-4</b>                        | Location of operations  | p. 7.  |              | YES                                |             |
|                                      | <b>102-5</b>                        | Ownership and legal form  | Branch of a foreign private corporation.<br>p. 7.                                  |              | YES                                |             |
|                                      | <b>102-6</b>                        | Markets served  | p. 7.  |              | YES                                |             |
|                                      | <b>102-7</b>                        | Size of the organization  | p. 8.  |              | YES                                |             |
|                                      | <b>102-8</b>                        | Information on employees and other workers  | p. 9.  |              | YES                                |             |
|                                      | <b>102-9</b>                        | Supply chain  | p. 25, p. 36.  |              | YES                                |             |
|                                      | <b>102-10</b>                       | Significant changes in the organization and its supply chain  | There were no significant events during the 2020 period at Drummond Ltd.<br>p. 36. |              |                                    |             |
| <b>102-11</b>                        | Precautionary principle or approach | The Company's position regarding the precautionary principle is, first of all, to carry out due diligence applying all the research tools that make it possible to establish whether any of its actions could cause a serious risk to public health or the environment, avoiding those that may cause it or even those of which there is no certainty but there is a probability. It is essential in these cases to apply the strategy based on impact prevention by searching for operating alternatives that avoid generating the unknown impact. |  |              |                                    |             |
| <b>102-12</b>                        | External initiatives                | p. 58.  |  | YES          |                                    |             |



| Drummond Ltd. GRI Content Index      |                                    |  |   |              |                                    |   |  |
|--------------------------------------|------------------------------------|--|---|--------------|------------------------------------|---|--|
| GRI STANDARD                         | CONTENT                            | PAGE / URL / COMMENT   | OMISSION  | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS                                       |  |
| <b>GRI 102: 2016 GENERAL CONTENT</b> | <b>102-13</b>                      | Membership in associations   | p. 59.  |              | YES                                |   |  |
|                                      | <b>Strategy</b>                    |  |   |              |                                    |   |  |
|                                      | <b>102-14</b>                      | Statement from the most senior decision-maker of the organization                  | p. 13.  |              | YES                                |   |  |
|                                      | <b>102-15</b>                      | Key impacts, risks and opportunities   | p. 13.  |              | YES                                |   |  |
|                                      | <b>Ethics and Integrity</b>        |  |   |              |                                    |   |  |
|                                      | <b>102-16</b>                      | Values, principles, standards and norms of behavior                                | <a href="http://www.drummondLtd.com/qui-enes-somos/politicas-y-compromiso/">http://www.drummondLtd.com/qui-enes-somos/politicas-y-compromiso/</a><br>p. 21. |              | YES                                | <b>16.</b> Peace, justice and strong institutions | <b>16.6.</b> Develop effective, accountable and transparent institutions at all levels |
|                                      | <b>102-17</b>                      | Mechanisms for advice and concerns about ethics                                    | p. 21, p. 125.  |              | YES                                |   |  |
|                                      | <b>Governance</b>                  |  |   |              |                                    |   |  |
|                                      | <b>102-18</b>                      | Governance structure   | p. 18.  |              | YES                                |   |  |
|                                      | <b>102-19</b>                      | Delegation of authority  | p. 18.  |              | YES                                |   |  |
|                                      | <b>102-20</b>                      | Executive-level responsibility for economic, environmental and social topics       | p. 18.  |              | YES                                |   |  |
|                                      | <b>102-26</b>                      | Role of the highest governance body in selecting objectives, values and strategies | p. 18.  |              | YES                                |   |  |
|                                      | <b>102-32</b>                      | Role of the highest governance body in preparing sustainability reports            | p. 11.  |              | YES                                |   |  |
| <b>102-33</b>                        | Communication of critical concerns | p. 18.   |   | YES          |                                    |   |  |

| Drummond Ltd. GRI Content Index                  |  |  |   |              |                                    |   |   |
|--|--|--|---|--------------|------------------------------------|---|---|
| GRI STANDARD                                     | CONTENT                                | PAGE / URL / COMMENT   | OMISSION  | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS                               |   |
| <b>GRI 102:<br/>2016<br/>GENERAL<br/>CONTENT</b> | <b>102-34</b>                          | Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them. | p. 20.  |              |                                    |   |   |
|  | <b>Stakeholder Engagement</b>          |  |   |              |                                    |   |   |
|  | <b>102-40</b>                          | List of stakeholder groups engaged by the organization.  | p. 61.  |              | YES                                |   |   |
|  | <b>102-41</b>                          | Collective bargaining agreements.  | p. 60.  |              | YES                                | <b>8.</b> Decent work and economic growth | <b>8.8.</b> Protect labor rights and promote safe and secure working environments for all workers |
|  | <b>102-42</b>                          | Identification and selection of stakeholders   | p. 60.  |              | YES                                |   |   |
|  | <b>102-43</b>                          | Approach to stakeholder engagement   | p. 61.  |              | YES                                |   |   |
|  | <b>102-44</b>                          | Key topics and concerns mentioned  | p. 61.  |              | YES                                |   |   |
|  | <b>Practices for Preparing Reports</b> |  |   |              |                                    |   |   |
|  | <b>102-45</b>                          | Entities included in the organization's consolidated financial statements  | Companies included in the sustainability report:<br>Drummond Ltd.<br>Drummond Coal Mining L.L.C.,<br>Transport Services L.L.C.,<br>American Port Company Inc.,<br>Coal Resources Colombia Ltd. C.I.,<br>Drummond USA Inc. |              |                                    |   |   |
|  | <b>102-46</b>                          | Defining the report content and Aspect Boundaries  | p. 63.  |              | YES                                |   |   |
|  | <b>102-47</b>                          | List of material aspects   | p. 63.  |              | YES                                |   |   |



| Drummond Ltd. GRI Content Index      |               |   |  |              |                                    |             |
|--------------------------------------|---------------|---|--|--------------|------------------------------------|-------------|
| GRI STANDARD                         | CONTENT       | PAGE / URL / COMMENT                                    | OMISSION   | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS |
| <b>GRI 102: 2016 GENERAL CONTENT</b> | <b>102-48</b> | Restatement of information                              | As presented in Drummond Ltd.'s 2019 sustainability report, this report presents the following adjustments:<br>*The Economic Performance chapter of the 2019 report showed an EBITDA of - 1.3979 billion - 44,950/ton - Ebitda/ Operating income 20.8%; this information was updated in this version of the report, resulting in the following information: EBITDA 2019 US \$420 Million US \$13.5/ton - Ebitda/Operating income 20.5%<br>*The Workplace Health and Safety chapter of the 2019 report showed 15,535,109 hours worked by direct employees; this was updated in this version with the final figure of 15,538,133 hours worked by direct employees in 2019.<br>p. 29, p. 113. |              |                                    |             |
|                                      | <b>102-49</b> | Changes in report preparation                           | For the presentation of the 2020 report, the Materiality Analysis was updated according to the outlook for the COVID-19 pandemic, which led to significant changes in the material issues that have been covered since 2018.<br>p. 63.   |              | YES                                |             |
|                                      | <b>102-50</b> | Reporting period  | p. 11.   |              | YES                                |             |
|                                      | <b>102-51</b> | Date of most recent report                              | p. 11.   |              | YES                                |             |
|                                      | <b>102-52</b> | Reporting cycle   | p. 11.   |              | YES                                |             |
|                                      | <b>102-53</b> | Contact point for questions regarding the report        | p. 11.   |              | YES                                |             |
|                                      | <b>102-54</b> | Claim of reporting in accordance with the GRI Standards | p. 11.   |              | YES                                |             |
|                                      | <b>102-55</b> | GRI Content Index                                       | p. 216.  |              | YES                                |             |
|                                      | <b>102-56</b> | External verification                                   | p. 11, p. 236.   |              | YES                                |             |

## THEMATIC CONTENT 2020

| Drummond Ltd. GRI Content Index           |              |  |          |              |                                    |  |
|---|--------------|--|----------|--------------|------------------------------------|--|
| THEMATIC CONTENT                          |              | PAGE / URL / COMMENTS  | OMISSION | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS  |
| <b>Economic performance</b>               |              |  |          |              |                                    |  |
| <b>GRI 103: Management approach 2016</b>  | <b>103-1</b> | Explanation of the material topic and its boundary                             | p. 26.   |              | YES                                |  |
|   | <b>103-2</b> | The management approach and its components                                     | p. 26.   |              | YES                                |  |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 28.   |              | YES                                |  |
| <b>GRI 201: Economic performance 2016</b> | <b>201-1</b> | Direct economic value generated and distributed                                | p. 30.   |              | YES                                |  |
|   | <b>201-2</b> | Financial implications and other risks and opportunities due to climate change | p. 32.   |              | YES                                |  |
|   | <b>201-3</b> | Defined benefit plan obligations and other retirement plans                    | p. 34.   |              | YES                                |  |
| <b>Market presence</b>                    |              |  |          |              |                                    |  |
| <b>GRI 103: Management approach 2016</b>  | <b>103-1</b> | Explanation of the material topic and its boundary                             | p. 26.   |              | YES                                |  |
|   | <b>103-2</b> | The management approach and its components                                     | p. 26.   |              | YES                                |  |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 28.   |              | YES                                |  |
| <b>GRI 202: Market presence 2016</b>      | <b>202-1</b> | Ratios of standard entry level wage by gender compared to local minimum wage   | p. 35.   |              | YES                                | <b>8.</b> Decent work and economic growth  |
|   | <b>202-2</b> | Proportion of senior management hired from the local community                 | p. 35.   |              | YES                                | <b>8.5.</b> 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. |
| <b>Indirect economic impacts</b>          |              |  |          |              |                                    |  |
| <b>GRI 103: Management approach 2016</b>  | <b>103-1</b> | Explanation of the material topic and its boundary                             | p. 124.  |              | YES                                |  |
|   | <b>103-2</b> | The management approach and its components                                     | p. 125.  |              | YES                                |  |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 140.  |              | YES                                |  |



Drummond Ltd. GRI Content Index

| THEMATIC CONTENT  | PAGE / URL / COMMENTS   | OMISSION | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG)   | SDG TARGETS   |
|---|---|----------|--------------|--|---|
| <p><b>GRI 203:</b><br/> <b>Indirect economic impacts 2016</b></p> | <p><b>203-1</b> Infrastructure investments and services supported</p> | p. 143.  | YES          | <p>2. Zero hunger<br/>           4. Quality education<br/>           6. Clean water and sanitation<br/>           8. Decent work and economic growth<br/>           9. Industry, innovation and infrastructure<br/>           16. Peace, justice and strong institutions<br/>           17. Partnerships for the goals</p> | <p>2.a. Increase investment in rural areas to improve agricultural production.<br/>           2.3. Double agricultural productivity and incomes through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities.<br/>           2.4. Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production.<br/>           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 in the communities in Drummond Ltd.'s areas of influence.<br/>           4.c. Substantially increase the supply of qualified teachers through teacher training in in the communities in Drummond Ltd.'s areas of influence.<br/>           4.1. Ensure that the girls and boys from the area of influence of Drummond Ltd.'s operations receive high quality education for relevant and effective learning outcomes.<br/>           4.2. Ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.<br/>           4.3. Ensure equal access for women and men in the areas of influence of Drummond Ltd.'s operations to affordable and quality technical, vocational and tertiary education, including university.<br/>           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.<br/>           4.6. Ensure that all youth and a substantial proportion of adults, both men and women, from Drummond Ltd.'s areas of influence achieve literacy and numeracy.<br/>           6.b. Support and strengthen the participation of local communities in improving water and sanitation management.<br/>           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.<br/>           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.</p> |

## Drummond Ltd. GRI Content Index

| THEMATIC CONTENT                               |              | PAGE / URL / COMMENTS                              | OMISSION | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG)  | SDG TARGETS  |
|--|--------------|--|----------|--------------|---|--|
| <b>GRI 203: Indirect economic impacts 2016</b> | <b>203-1</b> | Infrastructure investments and services supported  | p. 143.  |              | 2. Zero hunger<br>3. Salud y bienestar<br>4. Quality education<br>6. Clean water and sanitation<br>8. Decent work and economic growth<br>9. Industry, innovation and infrastructure<br>16. Peace, justice and strong institutions<br>17. Partnerships for the goals | 8.6. Substantially reduce the proportion of youth not in employment, education or training in the communities in the area of influence.<br>9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being.<br>16.1. Significantly reduce all forms of violence and violations of human rights at the Company's locations and among its stakeholders.<br>17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships. |
|  | <b>203-2</b> | Significant indirect economic impacts              | p. 145.  |              | YES   |  |
| <b>Procurement practices</b>                   |              |  |          |              |   |  |
| <b>GRI 103: Management approach 2016</b>       | <b>103-1</b> | Explanation of the material topic and its boundary | p. 152.  |              | YES   |  |
|  | <b>103-2</b> | The management approach and its components         | p. 152.  |              | YES   |  |
|  | <b>103-3</b> | Evaluation of the management approach              | p. 154.  |              | YES   |  |
| <b>GRI 204: Procurement practices 2016</b>     | <b>204-1</b> | Proportion of spending on local suppliers          | p. 155.  |              | YES   | 8. Decent work and economic growth<br>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.  |



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|--|---------------------|---|--|--------------|------------------------------------|---|
| THEMATIC CONTENT                         |                     | PAGE / URL / COMMENTS   | OMISSION   | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS   |
| <b>Water</b>                             |                     |   |  |              |                                    |   |
| <b>GRI 103: Management approach 2016</b> | <b>103-1</b>        | Explanation of the material topic and its boundary  | p. 163.  |              | YES                                |   |
|  | <b>103-2</b>        | The management approach and its components  | p. 163.  |              | YES                                |   |
|  | <b>103-3</b>        | Evaluation of the management approach   | p. 164.  |              | YES                                |   |
| <b>GRI 303: Water 2018</b>               | <b>303-1</b>        | Interactions with water as a shared resource  | Due to the pandemic, during 2020 there were no regular training talks focused on water management at the mine; at the port, stakeholder participation in the talks was limited. p. 164.                          |              | YES                                | <b>6.</b> Clean water and sanitation<br><br><b>6.3.</b> Improve water quality by reducing pollution.<br><b>6.4.</b> 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. |
|  | <b>303-2</b>        | Management of water discharge-related impacts   | p. 170.  |              | YES                                |   |
|  | <b>303-3</b>        | Water withdrawal  | p. 170.  |              | YES                                |   |
|  | <b>303-4</b>        | Water discharge   | p. 171.  |              | YES                                |   |
|  | <b>303-5</b>        | Water consumption   | p. 170.  |              | YES                                |   |
|  | <b>Biodiversity</b> |   |  |              |                                    |   |
| <b>GRI 103: Management approach 2016</b> | <b>103-1</b>        | Explanation of the material topic and its boundary  | p. 190.  |              | YES                                |   |
|  | <b>103-2</b>        | The management approach and its components  | p. 190.  |              | YES                                |   |
|  | <b>103-3</b>        | Evaluation of the management approach   | p. 192.  |              | YES                                |   |
| <b>GRI 304: Biodiversity 2016</b>        | <b>304-1</b>        | 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 operating facilities that are owned, leased or managed that are adjacent to, contain or are located in protected areas and areas of high biodiversity value outside protected areas. |              | YES                                |   |



| Drummond Ltd. GRI Content Index                 |              |   |   |              |                                    |   |
|---|--------------|---|---|--------------|------------------------------------|---|
| THEMATIC CONTENT                                |              | PAGE / URL / COMMENTS   | OMISSION  | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS   |
| <b>GRI 304: Biodiversity 2016</b>               | <b>304-2</b> | Significant impacts of activities, products, and services on biodiversity   | Drummond Ltd. recognizes that its open pit mining operations have an impact on biodiversity. However, Drummond Ltd.'s operations do not generate significant impacts on the biodiversity of protected areas or areas of high biodiversity value arising from its activities, products and services. |              | YES                                |   |
|   | <b>304-3</b> | Habitats protected or restored  | p. 192.   |              | YES                                | <b>15.</b> Life on land<br><br><b>15.1.</b> Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and the services they provide within Drummond Ltd.'s operations.<br><b>15.2.</b> Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation at Drummond Ltd.'s operations.<br><b>15.4.</b> Ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development. |
|   | <b>304-4</b> | IUCN Red List species and national conservation list species with habitats in areas affected by operations  | p. 196.   |              | YES                                | <b>15.</b> Life on land<br><br><b>15.5.</b> Take urgent and significant action within Drummond Ltd.'s operations to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect and prevent the extinction of threatened species.  |
| <b>GRI Supplements Mining sector and metals</b> | <b>MM1</b>   | Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.   | p. 197.   |              | YES                                | <b>15.</b> Life on land<br><br><b>15.1.</b> Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and the services they provide within Drummond Ltd.'s operations.<br><b>15.2.</b> Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation at Drummond Ltd.'s operations.<br><b>15.4.</b> Ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development. |
| <b>GRI Supplements Mining sector and metals</b> | <b>MM2</b>   | The number and percentage of total sites identified as requiring biodiversity management plans, and the number (percentage) of those sites with plans in place. | p. 199.   |              | YES                                |   |



| Drummond Ltd. GRI Content Index          |              |   |  |  |                                    |   |   |
|--|--------------|---|--|--|------------------------------------|---|---|
| THEMATIC CONTENT                         |              | PAGE / URL / COMMENTS   | OMISSION   | VERIFICATION   | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS                                       |   |
| <b>Emissions</b>                         |              |   |  |  |                                    |   |   |
| <b>GRI 103: Management approach 2016</b> | <b>103-1</b> | Explanation of the material topic and its boundary                              | p. 179.  |  | YES                                |   |   |
|  | <b>103-2</b> | The management approach and its components                                      | p. 180.  |  | YES                                |   |   |
|  | <b>103-3</b> | Evaluation of the management approach   | p. 182.  |  | YES                                |   |   |
| <b>GRI 305: Emissions 2016</b>           | <b>305-1</b> | Direct (Scope 1) GHG emissions  | p. 183.  |  | YES                                | <b>12.</b> Responsible production and consumption | <b>Own goal.</b> Implementing strategies for the prevention and control of air quality, which includes not only technically viable options but also those that are environmentally effective and socially beneficial, is essential to caring for the health of workers and the surrounding communities, as well as the quality of the projects' natural environments. |
|  | <b>305-2</b> | Energy indirect (Scope 2) GHG emissions   | p. 184.  |  | YES                                |   |   |
|  | <b>305-6</b> | Emissions of ozone-depleting substances (ODS)                                   | Drummond Ltd. does not produce, import or export ozone-depleting substances. |  | YES                                |   |   |
|  | <b>305-7</b> | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | p. 184.  | The air quality information does not include other components that are not particulate matter since this is the pollution criterion that Drummond Ltd. considers to be a determining factor in its operations. | YES                                | <b>12.</b> Responsible production and consumption | <b>Own goal.</b> Implementing strategies for the prevention and control of air quality, which includes not only technically viable options but also those that are environmentally effective and socially beneficial, is essential to caring for the health of workers and the surrounding communities, as well as the quality of the projects' natural environments. |
|  |              |   |  |  |                                    |   |   |
| <b>Environmental compliance</b>          |              |   |  |  |                                    |   |   |
| <b>GRI 103: Management approach 2016</b> | <b>103-1</b> | Explanation of the material topic and its boundary                              | p. 163, p. 190, p. 179.  |  |                                    |   |   |
|  | <b>103-2</b> | The management approach and its components                                      | p. 163, p. 190, p. 180.  |  |                                    |   |   |
|  | <b>103-3</b> | Evaluation of the management approach   | p. 164, p. 192, p. 182.  |  |                                    |   |   |

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|--|---|---|---|------------------------------------|--|--|
| THEMATIC CONTENT                                       | PAGE / URL / COMMENTS   | OMISSION  | VERIFICATION  | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS                                |  |
| <b>GRI 307: Environmental compliance 2016</b>          | <b>307-1</b> Non-compliance with environmental laws and regulations               | The Company was not subject to fines for violations of laws or regulations on environmental matters related to managing water resources, air quality and biodiversity protection. |   |                                    | 16. Peace, justice and strong institutions | 16.6. Develop effective, accountable and transparent institutions at all levels.   |
| <b>Supplier environmental assessment</b>               |   |   |   |                                    |  |  |
| <b>GRI 103: Management approach 2016</b>               | <b>103-1</b> Explanation of the material topic and its boundary                   | p. 152.   |   | YES                                |  |  |
|  | <b>103-2</b> The management approach and its components                           | p. 152.   |   | YES                                |  |  |
|  | <b>103-3</b> Evaluation of the management approach                                | p. 154.   |   | YES                                |  |  |
| <b>GRI 308: Supplier environmental assessment 2016</b> | <b>308-1</b> New suppliers that were screened using environmental criteria        | Drummond Ltd. did not evaluate new suppliers in 2020 based on environmental criteria.   |   | YES                                |  |  |
|  | <b>308-2</b> Negative environmental impacts in the supply chain and actions taken | p. 157.   |   | YES                                |  |  |
| <b>Employment</b>                                      |   |   |   |                                    |  |  |
| <b>GRI 103: Management approach 2016</b>               | <b>103-1</b> Explanation of the material topic and its boundary                   | p. 83.  |   | YES                                |  |  |
|  | <b>103-2</b> The management approach and its components                           | p. 83.  |   | YES                                |  |  |
|  | <b>103-3</b> Evaluation of the management approach                                | p. 84.  |   | YES                                |  |  |
| <b>GRI 401: Employment 2016</b>                        | <b>401-1</b> New employee hires and employee turnover                             | p. 89.  | Drummond Ltd does not report its new hire rate because it is not representative in relation to the total number of employees. | 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.<br>8.6. Substantially reduce the proportion of youth not in employment, education or training in the communities in the area of influence. |



| Drummond Ltd. GRI Content Index                 |                       |  |   |                                    |   |   |
|---|-----------------------|--|---|------------------------------------|---|---|
| THEMATIC CONTENT                                | PAGE / URL / COMMENTS | OMISSION   | VERIFICATION  | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS                               |   |
| <b>GRI 401: Employment 2016</b>                 | <b>401-2</b>          | Benefits provided to full-time employees that are not provided to temporary or part-time employees | p. 94.  | YES                                | <b>8.</b> Decent work and economic growth | <b>8.5.</b> 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.<br><b>8.8.</b> Protect labor rights and promote safe and secure working environments for all workers, with opportunities for growth. |
|   | <b>401-3</b>          | Parental leave   | During 2020, there were no withdrawals of employees who had to be rehired after parental leave related to resignations, contract terminations or dismissals with or without just cause.<br>p. 95. | YES                                |   |   |
| <b>Labor/Management relations</b>               |                       |  |   |                                    |   |   |
| <b>GRI 103: Management approach 2016</b>        | <b>103-1</b>          | Explanation of the material topic and its boundary   | p. 119.   | YES                                |   |   |
|   | <b>103-2</b>          | The management approach and its components   | p. 119.   | YES                                |   |   |
|   | <b>103-3</b>          | Evaluation of the management approach  | p. 119.   | YES                                |   |   |
| <b>GRI 402: Labor/Management relations 2016</b> | <b>402-1</b>          | Minimum notice periods regarding operational changes   | p. 120.   | YES                                | <b>8.</b> Decent work and economic growth | <b>8.8.</b> Protect labor rights and promote safe and secure working environments for all workers, with opportunities for growth.   |
| <b>GRI Supplements Mining sector and metals</b> | <b>MM4</b>            | Number of strikes and lock-outs exceeding one week's duration, by country.                         | During 2020 there were no strikes or closures of the operations.<br>p. 120.   | YES                                |   |   |
| <b>Occupational health and safety</b>           |                       |  |   |                                    |   |   |
| <b>GRI 103: Management approach 2016</b>        | <b>103-1</b>          | Explanation of the material topic and its boundary   | p. 106.   | YES                                |   |   |
|   | <b>103-2</b>          | The management approach and its components   | p. 106.   | YES                                |   |   |
|   | <b>103-3</b>          | Evaluation of the management approach  | p. 106.   | YES                                |   |   |

| Drummond Ltd. GRI Content Index                     |                               |   |  |          |              |   |   |
|---|-------------------------------|---|--|----------|--------------|---|---|
|   | THEMATIC CONTENT              |   | PAGE / URL / COMMENTS  | OMISSION | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG)        | SDG TARGETS   |
| <b>GRI 403: Occupational health and safety 2018</b> | <b>403-1</b>                  | Occupational health and safety management system  | p. 108.  |          | YES          | <b>8. Decent work and economic growth</b> | <b>8.8.</b> Protect labor rights and promote safe and secure working environments for all workers, with opportunities for growth. |
|   | <b>403-2</b>                  | Hazard identification, risk assessment, and incident investigation                      | p. 108.  |          | YES          |   |   |
|   | <b>403-3</b>                  | Occupational health services  | p. 106.  |          | YES          |   |   |
|   | <b>403-4</b>                  | Worker participation, consultation, and communication on occupational health and safety | p. 110.  |          | YES          |   |   |
|   | <b>403-5</b>                  | Worker training on occupational health and safety                                       | p. 111.  |          | YES          |   |   |
|   | <b>403-6</b>                  | Promotion of worker health  | Drummond Ltd. offers workers and their immediate families, as an extralegal benefit, the option to join the Hospitalization and Surgery Policy, whose cost is fully covered by the Company and offers them the ability to access general and specialized medical consultations and medications, among other services, for its more than <b>18,400</b> beneficiaries. |          | YES          |   |   |
|   | <b>403-8</b>                  | Workers covered by an occupational health and safety management system                  | p. 112.  |          | YES          |   |   |
|   | <b>403-9</b>                  | Work-related injuries   | p. 112.  |          | YES          |   |   |
|   | <b>403-10</b>                 | Work-related ill health   | p. 116.  |          | YES          |   |   |
|   | <b>Training and education</b> |   |  |          |              |   |   |
| <b>GRI 103: Management approach 2016</b>            | <b>103-1</b>                  | Explanation of the material topic and its boundary                                      | p. 83.   |          | YES          |   |   |
|   | <b>103-2</b>                  | The management approach and its components  | p. 83, p. 96.  |          | YES          |   |   |
|   | <b>103-3</b>                  | Evaluation of the management approach   | p. 84.   |          | YES          |   |   |



| Drummond Ltd. GRI Content Index                      |       |  |              |   |                                    |  |   |
|--|-------|--|--------------|---|------------------------------------|--|---|
| THEMATIC CONTENT                                     |       | PAGE / URL / COMMENTS  | OMISSION     | VERIFICATION  | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS  |   |
| <b>GRI 404: Training and education 2016</b>          | 404-1 | Average hours of training per year per employee                                      | p. 96.       |   | YES                                | 4. Quality education<br>8. Decent work and economic growth | 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.<br>8.8. Protect labor rights and promote safe and secure working environments for all workers, with opportunities for growth. |
|  | 404-2 | Programs for upgrading employee skills and transition assistance programs            | p. 96.       | Partially reported: Drummond Ltd. does not have assistance programs to facilitate the adaptation and management of the end of the professional careers of the organization's employees. | YES                                | 8. Decent work and economic growth                         | 8.8. Protect labor rights and promote safe and secure working environments for all workers, with opportunities for growth.  |
|  | 404-3 | Percentage of employees receiving regular performance and career development reviews | p. 101.      | Partially reported: only salaried employees are considered, whose performance is assessed regularly. Hourly employees receive regular feedback from their leader.                       | YES                                |  |   |
| <b>Diversity and equal opportunity</b>               |       |  |              |   |                                    |  |   |
| <b>GRI 103: Management approach 2016</b>             | 103-1 | Explanation of the material topic and its boundary                                   | p. 83.       |   | YES                                |  |   |
|  | 103-2 | The management approach and its components   | p. 83, p.96. |   | YES                                |  |   |
|  | 103-3 | Evaluation of the management approach  | p. 84.       |   | YES                                |  |   |
| <b>GRI 405: Diversity and equal opportunity 2016</b> | 405-1 | Diversity of governance bodies and employees   | p. 84.       | Partially reported: the information from the entire workforce is broken down, omitting information from the organization's governance bodies.   | 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. 102.      | Drummond Ltd., does not report its employees' base salaries since it is sensitive and confidential information.   | YES                                |  |   |

| Drummond Ltd. GRI Content Index                                       |              |  |               |              |                                    |  |
|---|--------------|--|---------------|--------------|------------------------------------|--|
| THEMATIC CONTENT  |              | PAGE / URL / COMMENTS  | OMISSION      | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS  |
| <b>Non-discrimination</b>   |              |  |               |              |                                    |  |
| <b>GRI 103: Management approach 2016</b>                              | <b>103-1</b> | Explanation of the material topic and its boundary   | p. 71.        |              | YES                                |  |
|   | <b>103-2</b> | The management approach and its components   | p. 72, p. 73. |              | YES                                |  |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 72, p.73.  |              | YES                                |  |
| <b>GRI 406: Non-discrimination 2016</b>                               | <b>406-1</b> | Incidents of discrimination and corrective actions taken   | p. 74, p.75.  |              | YES                                | <b>8.</b> Decent work and economic growth<br><b>16.</b> Peace, justice and strong institutions<br><b>8.8.</b> Protect labor rights and promote safe and secure working environments for all workers, with opportunities for growth.<br><b>16.1.</b> Significantly reduce all forms of violence and violations of human rights at the Company's locations and among its stakeholders. |
| <b>Freedom of association and collective bargaining</b>               |              |  |               |              |                                    |  |
| <b>GRI 103: Management approach 2016</b>                              | <b>103-1</b> | Explanation of the material topic and its boundary   | p. 119.       |              | YES                                |  |
|   | <b>103-2</b> | The management approach and its components   | p. 119.       |              | YES                                |  |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 119.       |              | YES                                |  |
| <b>GRI 407: Freedom of association and collective bargaining 2016</b> | <b>407-1</b> | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | p. 121.       |              | YES                                | <b>8.</b> Decent work and economic growth<br><b>8.8.</b> Protect labor rights and promote safe and secure working environments for all workers, with opportunities for growth.   |
| <b>Child labor</b>  |              |  |               |              |                                    |  |
| <b>GRI 103: Management approach 2016</b>                              | <b>103-1</b> | Explanation of the material topic and its boundary   | p. 71.        |              | YES                                |  |
|   | <b>103-2</b> | The management approach and its components   | p. 72, p. 73. |              | YES                                |  |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 72, p. 73. |              | YES                                |  |



| Drummond Ltd. GRI Content Index                 |              |  |               |              |                                    |  |   |
|---|--------------|--|---------------|--------------|------------------------------------|--|---|
| THEMATIC CONTENT                                |              | PAGE / URL / COMMENTS  | OMISSION      | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS  |   |
| <b>GRI 408: Child labor 2016</b>                | <b>408-1</b> | Operations and suppliers at significant risk for incidents of child labor                | p. 74, p. 75. |              | YES                                | <b>8.</b> Decent work and economic growth<br><b>16.</b> Peace, justice and strong institutions | <b>8.7.</b> Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking. Contribute to the elimination of child labor in all forms at the Company's locations and among its stakeholders.<br><b>16.2.</b> End abuse, exploitation, trafficking and all forms of violence against and torture of children at the Company's locations and among its stakeholders. |
| <b>Forced or compulsory labor</b>               |              |  |               |              |                                    |  |   |
| <b>GRI 103: Management approach 2016</b>        | <b>103-1</b> | Explanation of the material topic and its boundary                                       | p. 71.        |              | YES                                |  |   |
|   | <b>103-2</b> | The management approach and its components   | p. 72, p. 73. |              | YES                                |  |   |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 72, p. 73. |              | YES                                |  |   |
| <b>GRI 409: Forced or compulsory labor 2016</b> | <b>409-1</b> | Operations and suppliers at significant risk for incidents of forced or compulsory labor | p. 74, p. 75. |              | YES                                | <b>8.</b> Decent work and economic growth  | <b>8.7.</b> Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking. Contribute to the elimination of child labor in all forms at the Company's locations and among its stakeholders.   |
| <b>Security practices</b>                       |              |  |               |              |                                    |  |   |
| <b>GRI 103: Management approach 2016</b>        | <b>103-1</b> | Explanation of the material topic and its boundary                                       | p. 71.        |              | YES                                |  |   |
|   | <b>103-2</b> | The management approach and its components   | p. 72, p. 73. |              | YES                                |  |   |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 72, p. 73. |              | YES                                |  |   |
| <b>GRI 410: Security practices 2016</b>         | <b>410-1</b> | Security personnel trained in human rights policies or procedures                        | p. 76.        |              | YES                                | <b>16.</b> Peace, justice and strong institutions  | <b>16.10.</b> Ensure that Drummond Ltd.'s direct employees and contractors have access to information and training related to human rights and the promotion and protection of fundamental freedoms.  |
| <b>Rights of indigenous peoples</b>             |              |  |               |              |                                    |  |   |
| <b>GRI 103: Management approach 2016</b>        | <b>103-1</b> | Explanation of the material topic and its boundary                                       | p. 71.        |              |                                    |  |   |
|   | <b>103-2</b> | The management approach and its components   | p. 72, p. 73. |              |                                    |  |   |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 72, p. 73. |              |                                    |  |   |



| Drummond Ltd. GRI Content Index                   |              |  |  |              |                                    |   |
|---|--------------|--|--|--------------|------------------------------------|---|
| THEMATIC CONTENT                                  |              | PAGE / URL / COMMENTS  | OMISSION   | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS   |
| <b>GRI 411: Rights of indigenous peoples 2016</b> | <b>411-1</b> | Incidents of violations involving rights of indigenous peoples   | Drummond's operations are not performed in areas with the indigenous presence, so there have been no violations of this population's human rights. |              |                                    |   |
| <b>Human rights assessment</b>                    |              |  |  |              |                                    |   |
| <b>GRI 103: Management approach 2016</b>          | <b>103-1</b> | Explicación del tema material y sus coberturas   | p. 71.   |              | YES                                |   |
|   | <b>103-2</b> | The management approach and its components   | p. 72, p. 73.  |              | YES                                |   |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 72, p. 73.  |              | YES                                |   |
| <b>GRI 412: Human rights assessment 2016</b>      | <b>412-1</b> | Operations that have been subject to human rights reviews or impact assessments  | p. 71.   |              | YES                                |   |
|   | <b>412-2</b> | Employee training on human rights policies or procedures   | p. 77.   |              | YES                                | <b>16. Peace, justice and strong institutions</b><br><b>16.10.</b> Ensure that Drummond Ltd.'s direct employees and contractors have access to information and training related to human rights and the promotion and protection of fundamental freedoms. |
|   | <b>412-3</b> | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening   | p. 77.   |              | YES                                |   |
| <b>GRI Supplements Mining sector and metals</b>   | <b>MMS</b>   | 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's operations are not performed in areas with the indigenous presence, so there have been no violations of this population's human rights. |              | YES                                |   |
| <b>Local communities</b>                          |              |  |  |              |                                    |   |
| <b>GRI 103: Management approach 2016</b>          | <b>103-1</b> | Explanation of the material topic and its boundary   | p. 124.  |              | YES                                |   |
|   | <b>103-2</b> | The management approach and its components   | p. 125.  |              | YES                                |   |
|   | <b>103-3</b> | Evaluation of the management approach  | p. 140.  |              | YES                                |   |



| Drummond Ltd. GRI Content Index          |                  |   |   |          |              |  |  |
|--|------------------|---|---|----------|--------------|--|--|
|  | THEMATIC CONTENT |   | PAGE / URL / COMMENTS   | OMISSION | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG)         | SDG TARGETS  |
| GRI 413: Local communities 2016          | 413-1            | Operations with local community engagement, impact assessments, and development programs  | p. 141.   |          | YES          |  |  |
|  | 413-2            | Operations with significant actual and potential negative impacts on local communities  | p. 145.   |          | YES          |  |  |
| GRI Supplements Mining sector and metals | MM6              | Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples   | p. 148.   |          | YES          |  |  |
| GRI Supplements Mining sector and metals | MM7              | The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes | p. 148.   |          | YES          |  |  |
| GRI Supplements Mining sector and metals | MM10             | Number and percentage of operations with closure plans  | Due to Company policies, the global financial provision data for the closure plans cannot be published. p. 146. |          | YES          |  |  |
| <b>Supplier social assessment</b>        |                  |   |   |          |              |  |  |
| GRI 103: Management approach 2016        | 103-1            | Explanation of the material topic and its boundary  | p. 152.   |          | YES          |  |  |
|  | 103-2            | The management approach and its components  | p. 152.   |          | YES          |  |  |
|  | 103-3            | Evaluation of the management approach   | p. 154.   |          | YES          |  |  |
| GRI 414: Supplier social assessment 2016 | 414-1            | New suppliers that were screened using social criteria  | Drummond Ltd. did not evaluate new suppliers in 2020 based on social criteria.                                  |          | YES          | 16. Peace, justice and strong institutions | 16.1. Significantly reduce all forms of violence and violations of human rights at the Company's locations and among its stakeholders. |
|  | 414-2            | Negative social impacts in the supply chain and actions taken   | p. 157.   |          | YES          |  |  |

| Drummond Ltd. GRI Content Index                 |              |   |  |              |                                    |   |
|---|--------------|---|--|--------------|------------------------------------|---|
| THEMATIC CONTENT                                |              | PAGE / URL / COMMENTS   | OMISSION   | VERIFICATION | SUSTAINABLE DEVELOPMENT GOAL (SDG) | SDG TARGETS   |
| <b>Public policy</b>                            |              |   |  |              |                                    |   |
| <b>GRI 103: Management approach 2016</b>        | <b>103-1</b> | Explanation of the material topic and its boundary  | p. 205.  |              | YES                                |   |
|   | <b>103-2</b> | The management approach and its components  | p. 205.  |              | YES                                |   |
|   | <b>103-3</b> | Evaluation of the management approach   | p. 205.  |              | YES                                |   |
| <b>GRI 415: Public policy 2016</b>              | <b>415-1</b> | Political contributions   | Drummond Ltd. does not make contributions to political parties.<br>p. 207.   |              | YES                                | <b>16.</b> Peace, justice and strong institutions<br><b>16.5.</b> Promote a culture of legality to substantially reduce corruption and bribery in all their forms, and ethical, human rights and corporate breaches at the Company's locations and among its stakeholders.<br><b>16.6.</b> Develop effective, accountable and transparent institutions at all levels. |
| <b>Socioeconomic compliance</b>                 |              |   |  |              |                                    |   |
| <b>GRI 103: Management approach 2016</b>        | <b>103-1</b> | Explanation of the material topic and its boundary  | p. 26, p. 124.   |              |                                    |   |
|   | <b>103-2</b> | The management approach and its components  | p. 26, p. 125.   |              |                                    |   |
|   | <b>103-3</b> | Evaluation of the management approach   | p. 28, p. 140.   |              |                                    |   |
| <b>GRI 419: Socio-economic compliance 2016</b>  | <b>419-1</b> | Non-compliance with laws and regulations in the social and economic area  | During 2020 Drummond Ltd. had no cases of non-compliance with laws or regulations associated with the social or economic area. |              |                                    | <b>16.</b> Peace, justice and strong institutions<br><b>16.6.</b> Develop effective, accountable and transparent institutions at all levels.  |
| <b>Resettlement</b>                             |              |   |  |              |                                    |   |
| <b>GRI 103: Management approach 2016</b>        | <b>103-1</b> | Explanation of the material topic and its boundary  | p. 211.  |              | YES                                |   |
|   | <b>103-2</b> | The management approach and its components  | p. 211.  |              | YES                                |   |
|   | <b>103-3</b> | Evaluation of the management approach   | p. 212.  |              | YES                                |   |
| <b>GRI Supplements Mining sector and metals</b> | <b>MM9</b>   | Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process. | p. 213.  |              | YES                                |   |

## External Verification Report

ELEVATE conducted for the seventh consecutive time<sup>1</sup>, the independent verification of the Sustainability Report corresponding to the year 2020 of Drummond Ltd. The purpose of the verification is to provide an independent opinion on:

- Stakeholder engagement processes and the response given through reporting.
- Application of the principles of the GRI Standards.
- Compliance with the Standards, according to the compliance option chosen.

### Independence

ELEVATE works independently and ensures that no member maintains consulting contracts or other business or family ties with Drummond Ltd.

### Competition

ELEVATE is a global consulting company that provides knowledge and solutions for sustainable development. It has more than 20 years of experience preparing sustainability reports, implementing training courses and performing external verification.

This verification has been carried out by professionals with experience and training in sustainability reporting, stakeholder engagement and external assurance.

### Drummond Ltd. and ELEVATE responsibilities

The preparation of the report, the stakeholder engagement and the materiality assessment are responsibilities of Drummond Ltd.

The evaluation of the Sustainability Report for the year 2020, in terms of verification of adherence to the principles and contents of the Global Reporting Initiative (GRI) Standards, is the responsibility of ELEVATE.

### Scope and Limitations

The scope of this work corresponds to the non-financial information of the Sustainability Report corresponding to the year 2020 of Drummond Ltd.

The external assurance included the application of the GRI principles of content and quality for the preparation of the report, as well as the inclusion of the general and topic specific content required by the GRI Standards.

### Methodology

The ELEVATE assurance process included:

- Review of the update of the materiality analysis.
- Review of media trends on sustainability issues for the mining sector.
- Critical reading of report chapters and review of internal documents associated with the information reported.
- Interviews with key leaders of the reporting areas to verify the management context, reliability of information and data management.

- The reliability of the selected information was reviewed in detail, through an understanding of the internal processes of capture, analysis, and traceability.
- Final review of the report and request for adjustments and clarifications, if required.

## General Findings and Conclusions

Through the present independent verification, ELEVATE concluded that the Sustainability Report for the year 2020 of Drummond Ltd. was developed using the principles of quality and content of the GRI Standards.

No evidence was found that could suggest that the information and data contained in this report do not come from reliable sources or management systems, nor that the information reported on them could lead the reader to misleading or erroneous conclusions about the performance.

The following are specific observations, as opportunities for improvement in the accountability and disclosure process and the application of the principles.

## Principles of the GRI Standards

### Stakeholder Inclusiveness

The company has a stakeholder engagement strategy that allows it to obtain information and understand needs and expectations through multiple channels.

These channels are permanent and operate according to the needs and characteristics of the target audiences, in such a way that measures are continuously identified to strengthen the relationship on all fronts.

### Sustainability context

The company demonstrates its understanding of sustainable development within the framework of its operations and describes its performance on the impacts and contributions of its value chain on social, environmental, and economic issues, presenting standardized measures and objective information related to the context of the sector and the region where it operates.

However, it is recommended that, for the projections of its business model in the short and medium term, the global challenges related to climate change and its implications should be considered.

### Materiality

In the first quarter of 2021, Drummond reviewed and updated its materiality assessment with the support of a third party, to include three relevant aspects in its analysis: the Covid-19 pandemic, the decline in the price of coal and the entry of a new operation.

The update was performed based on the comprehensive study conducted in 2018, and contemplated the update carried out in 2020, with all the inputs used in those periods. The 13 material issues that Drummond had

<sup>1</sup> BSD Consulting S.A.S is the legal entity registered in Colombia that has performed the external assurance. The

company is part of ELEVATE Global since 2018. ELEVATE is the trademark used by BSD Consulting S.A.S.

identified are maintained, and there were only differences in the valuation of the issues.

- Information on the context, management, and performance of the 13 material issues is presented in a reasonable and sufficient manner.
- Within the materiality analysis process and the available documentation, it is evident that the importance of the issues for the stakeholders is evaluated through consultations with those responsible for the issues within the organization.

## Completeness

It was found that the report demonstrates performance on material issues within the framework of the coverage indicated for each one. This coverage is adequately identified and disclosed.

## Balance

The report presents in a balanced manner the company's main achievements for the reporting period, describing the milestones achieved and initiatives highlighted for the reporting period, as well as the challenges and challenges it faces for the coming period.

## Clarity and Accuracy

The report presents information in clear language that is accessible to different audiences. Qualitative information is presented in a concise manner, complemented by performance indicators, and includes an explanation of the measurement methodology.

## Comparability

The report presents quantitative information for the last three years, allowing a comparison of the company's performance between these periods.

Differences were identified in some data between reporting periods, which were clarified according to the adjustments in the data entry (for example, additional sources of information that complement the figures), and in specific cases a note was added indicating and explaining the difference in data between this period and the previous one.

It is recommended that the information disclosed between reports be presented to ensure that justifications for any changes in the data are included.

## Reliability

During the interviews with those responsible for the areas, it was evidenced the existence of information management systems, formats and records managed by the company to continuously monitor quantitative and qualitative information.

Some opportunities for improvement were identified with the verification of differences between the qualitative information reported and the internal data extraction process in the databases.

It was clarified and evidenced that the differences occur because the capture of information in the databases is not always done in the same way, so it is recommended to

standardize and document for all those responsible, the sources and filters applied to the information sources, so that the same supports are always available.

## Punctuality

This report was published in the second quarter of the year. This represents an improvement on the timing of the previous report. It is expected that for subsequent periods the company will continue to improve the timeliness of the report, to maintain its strategic value as a decision-making tool in relation to sustainability performance.

## General and Topic-specific contents

ELEVATE reviewed the contents of the report in detail, finding that:

- Drummond reports all content corresponding to GRI Standard 102: General Content (2016).
- Management approaches for all material topics are reported according to GRI Standard 103 (2016). Topic-specific content and metals and mining sector content are also reported.
- For those material topics that do not have a related Topic-specific Standard, the company adequately reported the contents for management approach as well as its own topic content.

## In-accordance option

The above allows us to reasonably conclude that the Drummond Ltd. 2020 Sustainability Report is developed in-accordance to the "Core" option of the GRI Standards.



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