

DRUMMOND IN NUMBERS

2021



DRUMMOND LTD.
COLOMBIA



Mining projects

La Loma

Located in the municipalities of El Paso, La Jagua de Ibirico and Chiriguana.

Mining started

1995

Contract area

6,560 ha

Production 2021

7,586,785 tons of coal

Projected production 2022

5.6 million tons of coal

El Descanso

Located in the municipalities of Becerril, Agustín Codazzi, El Paso, La Jagua de Ibirico and Chiriguana.

Mining started

2009

Contract area

31,559 ha

Production 2021

20,635,833 tons of coal

Projected production 2022

22.8 million tons of coal

El Corozo

Located in the municipalities of La Jagua de Ibirico and Chiriguana.

Mining started

Late 2020

Contract area

16,397 ha

Production 2021

666,127 tons of coal

Projected production 2022

2.8 million tons of coal

The names of the seams allude to important features of the region, such as:

Cazador, Gran Madre, Monito, or Babilla.

The strip ratio for both mines is close to 8. That means **mining one ton of coal requires removing approximately 8 cubic meters of waste rock.**

The average parameters for the coal we send our customers are **11,000 BTU per pound, 5% ash and 0.6% sulfur.**

A high percentage of the waste rock removed during mining is used to backfill areas already mined, which facilitates the recovery of areas, helps mitigate landscape impacts, and reduces emissions.

With the purpose of minimizing and controlling emissions from the mining operations, we have several systems in place for wetting the coal during the mining. These include spray systems and fog canons at storage areas and systems for wetting and compacting the coal while loading it in train cars, and wetting systems at loadout at the port. In addition, we have a fleet of **32 water trucks,** the largest in the country per production unit, to wet roads continuously.

Future mining projects

Cerrolargo

Contract area: 213 ha

Operations

Coal exports



In 2021, we exported **31.5 million** tons of coal from the La Loma, El Corozo and El Descanso mining projects.

On December **31,** 2021

the coal yards at **La Loma, El Corozo, El Descanso and Puerto Drummond** held **1,127,451** tons of coal.

There are

14 minable coal seams at La Loma and El Corozo

and more than

20 at El Descanso, the thickness of which ranges from **0.5 to 5** meters, approximately.

Lowest elevation projected for the mining projects:

La Loma and El Descanso

300 meters below sea level

El Corozo

250 meters below sea level.



Royalties and compensations

In **2021,** royalties and compensations totaled **\$1.4 billion** and taxes, fees, and contributions totaled **\$1.1 billion.**





Trains

The railway system from Cesar to the export ports in Magdalena is under concession to Fenoco and is used by the mining companies. The distance from the mining complex to Puerto Drummond is **191 kilometers**. The trains belong to and are operated by each company.

At Drummond we have

44 locomotives, 

1,992 railway cars 

153
crew members 

Fenoco installed the **Satellite-based Incremental Train Control System, or ITCS**. This advanced technology tracks and controls trains at every point along the route. Designed with safety first, the ITCS speed enforcement and vital positive stop functions mean that the train will never go past a boundary or exceed the safe limits of operation.

The configuration of the trains is **3 locomotives** and **150 cars** in each train.

 1 car carries **50 tons.**

 1 train has **150 cars**, and carries **7,500 tons.**



Port

Investment in the direct ship loading system and port expansion:

US \$440M

3 car dumpers for unloading coal (single, double and quadruple).

Two direct ship loading systems of 8,000 tons/hour each.

Annual capacity of Puerto Drummond:

60
million
tons 

A conveyor belt system feeds into two main belts with a capacity of 8,000 tons per hour each.

1 Train  is unloaded in 1.45 hours at the quadruple car dumper and in 2 hours at the double car dumper.



Additional information

Coal production began in the year 1995 with exports from Puerto Drummond.

After operating a barge-based loading system for years, on March 31, 2014 Drummond's port operations made the first coal shipment using a direct ship loading system.

To protect the environment, Drummond's train unloading set up places spray systems at the points where coal is dumped, in order to control environmental emissions. Similar systems are also located where coal is offloaded directly onto ships. All conveyor belts are enclosed, and transfer points are sprayed with water.

In line with needs and the availability of ships, coal is either sent to the stockpiles or directly to the cargo holds of ships waiting at the dock

- The coal is stored in the tunnel yards using two longitudinal stackers. Yard 1 uses a combination of radial stackers, front loaders, and coal haulers. The piles are separated and classified according to the quality of the coal and the mine of origin.
- If the coal goes directly to ship cargo holds, conveyor belts are used to transport the coal to the loading arm on the direct ship loading dock.



Infrastructure

In addition to being fed by the car dumpers, the conveyor belts are also fed from the storage areas by hoppers and front loaders.

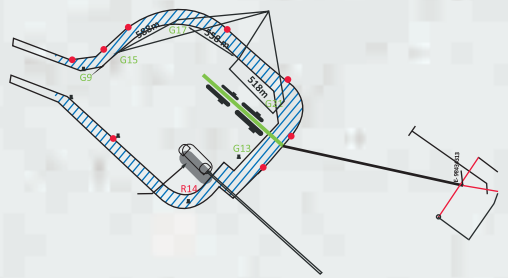
We can moor up to four Cape size ships at the dock, giving us sufficient infrastructure to load two ships simultaneously. Puerto Drummond is the most modern coal loading terminal in South America and its capacity is among the world's largest



Our system can load Handy, Supramax, Panamax, Cape Size and New Castle Max ships.

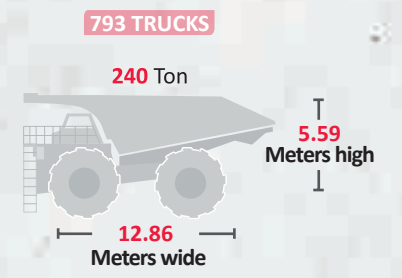
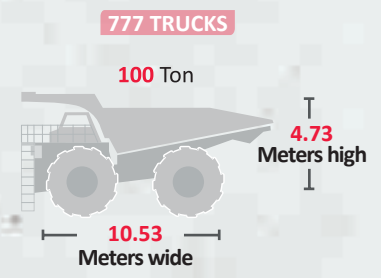


The access channel is of public use, and is regulated, managed, directed and controlled exclusively by the General Directorate of Maritime Affairs (DIMAR).



Mining Equipment

- 17** 17 hydraulic front excavators (Komatsu, Demag)
- 4** Bucyrus **495** excavators
- 18** Backhoe (Demag, Komatsu and Hitachi)
- 3** Draglines (2 Bucyrus and 1 Marion)
- 7** Front loaders (Caterpillar)
- 107** tracked tractors (Caterpillar) (73 D11, 13 D10, 15 D9, 6 D6)
- 265** 240-ton off-road trucks (251 Caterpillar and 14 Komatsu)
- 50** 100-ton off-road trucks (57 Caterpillar)



32 Tankers models Caterpillar 777C and 777D:
18 at the El Descanso mine, **12** at the Pribbenow mine and **2** at Puerto Drummond

The water tanker operator controls the spraying electronically from the cab, depending on road conditions. The tanker has the capacity to spray for approximately 30 minutes before the tank must be refilled.

- DRAGLINES**
- Marion 5780 dragline
Weight: **5,897** tons.
Bucket capacity: **88** cubic meters of waste rock
- Bucyrus (Tobie II) 2570W dragline
Weight: **5,386** tons
Bucket capacity: **88** cubic meters of waste rock
- Bucyrus (Elza) 1570 dragline
Weight: **3,282** tons.
Bucket capacity: **57** cubic meters of waste rock



5 hours
200 Km
 from La Loma, Cesar to
 Ciénaga, Magdalena.



The coal is exported to:

Americas:

- Canada
- United States
- Mexico
- Puerto Rico
- Dominican Republic
- Guatemala
- Panama
- Brazil
- Chile
- Argentina

Europe-Asia

- Poland
- Croatia
- Spain
- The Netherlands
- France
- Turkey

Asia and the Pacific

- South Korea
- Japan
- China
- Taiwan

Middle East

- Israel
- United Arab Emirates

Steam coal, the type of coal Drummond exports, is used mainly by thermal power stations to generate electrical energy.

With the construction of a second storage yard in 2015, the port now has the capacity to store up to **1,500,000 tons**.

13 to 15 trains run daily

for average annual transportation of

32,000,000 tons.



Job creation

The company's hiring policy gives priority to personnel from the Departments where Drummond operates. As at **December 31, 2021** we had:

- **10,252** workers (**5,053** direct employees and **5,199** contractors)
- **70%** of the direct employees were born in Cesar and Magdalena.
- **79%** of the direct employees live in Cesar and Magdalena.
- **88%** of the direct employees come from the Atlantic coast.

Benefits

- **A complementary health plan (hospitalization and surgery policy)**

Covers **100% of the cost.** Benefits more than **18,100 people** (employees and their families).

- **Group life insurance policy:** paid **100% by the company.**

- **Company Savings Plan:**

Employees can save up to **10%** of their basic salary and the Company will match **30%** of the employee's contribution. More than **2,100** employees benefit.

- **Relocation subsidy/ support:** More than **1,800** employees have benefited who live apart from their families during their rotation.
- **Extra-legal bonuses**
- **Assistance for eyeglass lenses and frames:** More than **1,960** employees benefited in 2021.
- **Seniority Bonus**
- **Transportation:** Drummond Ltd. has a fleet of buses to transport its employees from different towns in Cesar and Magdalena, and also gives a transportation subsidy to more than **1,100** employees located outside this area of influence.

- **Investment in education for employees and their children:**

More than **7,570** children of employees received educational assistance.

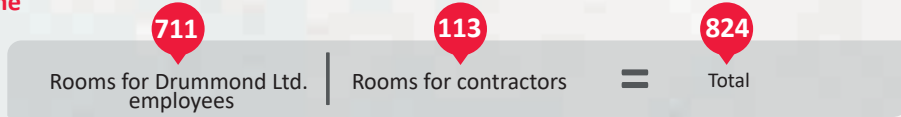
177 employees have received college scholarships.

- **Home loans:** **99 employees** received home loans in 2021.



Employee Welfare

Mine



Average percentage occupation per day **82%**

Daily meal services for Drummond Ltd. employees: **7,450** - salaried employees 1,550 **1,550**
Hourly employees: **5,900**

Daily meal services for contractors (hourly and salaried): **750**



Port

Meal services per day Drummond Ltd. employees: **930**

Meal services per day contractors: **270**



We implemented online programs:



OnLine Learning

52

Workshops in 2021

Topics covered included:

- How to start and maintain healthy routines in 2021
- Marine ecosystems
- Strategies for work at home
- Leadership in safety
- Family life project

Objectives of the "In House" program:

- To train workers to operate mining equipment.
- To create the greatest number of jobs possible for people who live in the mining operations' area of influence in the Department of Cesar.
- To express social responsibility toward our neighbors.
- To provide the company with skilled personnel who know how to operate mining equipment.

Family events:

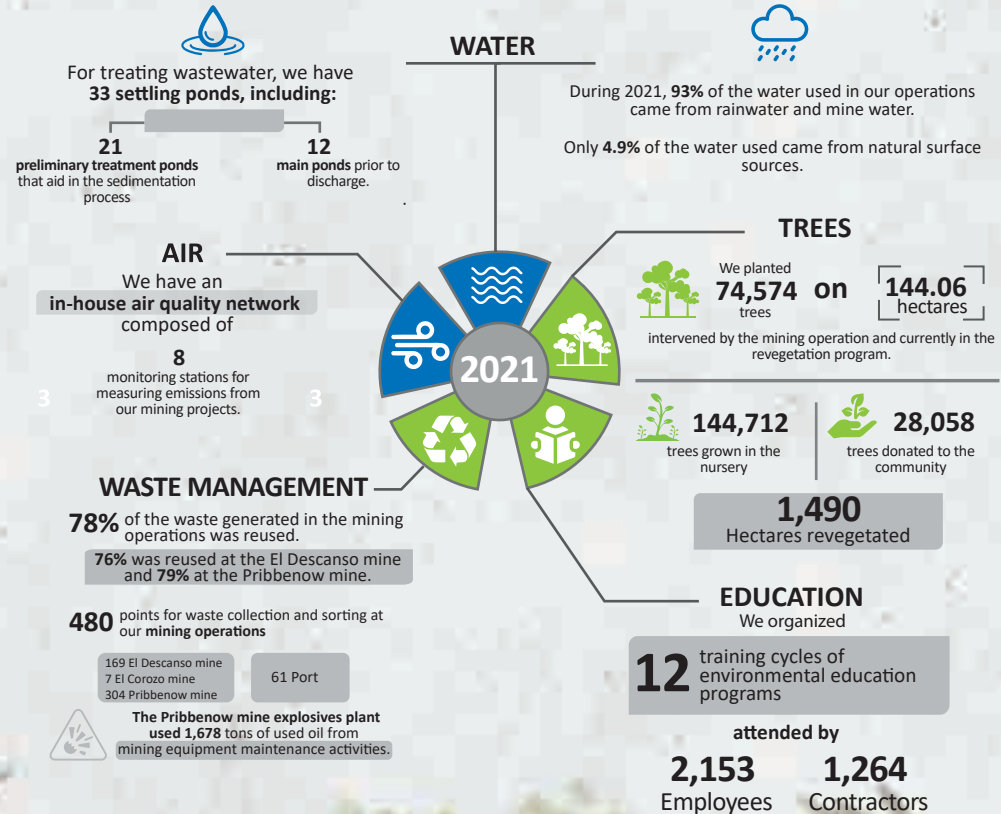
Three recreational events, "With Drummond at Christmas", were held on December 4, 12 and 18 of 2021. A total of 1,275 employees attended.

Event date	Number of participants	Total
• December 4	332	1.275
• December 12	402	
• December 18	541	



The Environment

In March 2021, Lloyd's Register did the ISO 14001:2015 standard recertification audit for the Environmental Management System for the mining and port operations. It confirmed that the company's environmental management system meets the requirements of the standard, and that it has effectively fulfilled its commitment to protect the environment and to prevent pollution through proper control of its environmental aspects.



We have 429 environmental monitoring stations.





Social Contribution - Good Neighbor Policy



841 classrooms repaired, built or remodeled

37,003 beneficiaries

62 school cafeterias repaired, built, or remodeled

15,475 beneficiaries.



Scholarships for university degree programs

186 college scholarships awarded to students graduating from public schools in the towns in the area of influence in Cesar and Magdalena.

12 hospitals repaired, built or remodeled: **456,352** beneficiaries

19 health posts built or rebuilt, and equipped: **107,897** beneficiaries

63 sports fields built: **116,009** beneficiaries

In-house training program for mining activities



From 2009 to 2021, **745 people** have been trained in the in House program.



17 music schools sponsored: **45,094** beneficiaries



\$7,036,883,158 invested since 2010 in the urban road repair program.



Human Rights Policy

We share our Human Rights Policy with employees, contractors, and communities, and receive feedback regarding the risks identified by the company in the area of human rights and the methods for mitigating them.



We continued to implement the third version of Drummond Ltd.'s human rights strategy, which was developed based on a full review in 2020. We reviewed our progress again in December 2021 – the 11th time since the year 2016 – highlighting the following results:

- For 92 out of the 93 management measures (98.9%) we gathered the information on progress within the first 30 days.
- Only two of the 93 management measures have not yet demonstrated significant progress.
- Even though the majority of the management measures are for successive and continuous execution, five of the 93 management measures have been closed out 100%.
- We have begun systematic monitoring and adjustments of the third version of Drummond Ltd.'s human rights strategy.
- We organized the third human rights conversation with communities and authorities in the cities of Valledupar and Santa Marta.
- We organized the seventh human rights conversation with contractors and suppliers.
- We provided training to contractors to reinforce their knowledge about Drummond Ltd.'s human rights policy.
- All new contractors signed contracts with human rights clauses.
- Contractor evaluations now include aspects related to human rights.

Since 2020, and especially in light of the challenges brought by COVID-19, our processes to inspect, check, and monitor employees, contractors, and visitors have served to test our progress in respect for human rights. This has enabled us to identify new alternatives and adopt preventive measures to mitigate the risk of any illegal actions both now and in the future.



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