
Involuntary Resettlement Policy

1. Purpose

Establish the necessary steps required for the development of processes involving involuntary Resettlement and Relocations of individuals and/or social or productive units. These steps aim to mitigate and provide compensation for the impacts caused by mandatory displacement when it becomes unavoidable. Additionally, address prejudicial alterations in the lifestyles of individuals residing within the vicinity of projects and/or operations associated with the activities of CNE OIL & GAS (hereinafter the COMPANY). This approach aims to reduce or prevent the necessity of physical displacement. The policy also encompasses the definition of obligations that the COMPANY will assume concerning the impacts generated throughout this process.

2. Scope

Establish the commitment and the guidelines for action of the COMPANY to develop and execute the processes of resettlement and relocation involving individuals and/or social or productive units. These processes are necessitated by activities related to projects and/or operations of the COMPANY, which derive from an obligation or an identified risk condition. Such scenarios mandate the relocation of population, entailing some form of economic compensation. The requirement for such processes remains regardless of the date of the execution thereof.

Please note that plans such as the resettlement of refugees or the relocation of victims of natural disasters are not included in this policy.

3. Definitions¹

- **Involuntary Displacement:** This occurs during the development of projects considered of general interest, where the livability conditions and economic activities of residents (individuals, families, and community groups) are affected. In such cases, it becomes necessary, on a mandatory basis, to relocate them elsewhere to facilitate the execution of the construction works.
- **Effects of The Resettlement:** This refers to direct material and socioeconomic effects stemming from resettlement activities within the project zones and the areas where the resident population currently dwell (Inter-American Development Bank, 2019).
- **Environmental Impact Study - EIS:** Collection of information enabling the environmental regulatory authority to formulate decisions in response to an environmental license application. This encompasses measures for prevention, correction, compensation, and mitigation of negative impacts and outcomes of a project, work, or activity.
- **Vulnerable Groups:** Different groups of people who could experience disproportionate hardship due to activities related to the project (Inter-American Development Bank, 2019).
- **Environmental Impact:** Any alteration of the environment (abiotic, biotic, and socioeconomic), that is adverse or beneficial, total or partial, that may be attributed to the development of a project, work, or activity.
- **Compensation Measures:** Measures undertaken to provide reparation and restitution to communities, regions, localities, and the natural environment in response to the negative impacts or effects produced by a project, work or activity, which are beyond avoidance, correction, or mitigation.

- **Mitigation Measures:** Measures aimed at minimizing the negative impacts and effects of a project, work, or activity on the environment.
- **Living Standards:** According to the United Nations' definition (1961, P. 5): “[...] the actual conditions in which a people live [...] the more satisfactory way to measure the living standards in the international order would be to proceed to measure clearly delimited aspects or parts of the general living conditions that may be quantitatively represented and reflect generally accepted objectives of the social and economic policy in the international order. Separate areas such as health, nutrition, housing, employment conditions and education were considered as “components” of the living standards, and it was proposed to express these components by means of measures or concrete statistical “indicators”, considering the international availability and comparability of data” (UNGRD, 2017).
- **Other Social Units:** Refers to owners and improvers who, regardless of residency status, generate revenues through the rental of part or entirety of the real property for either habitation or development of productive activities.
- **Resettlement:** This term pertains to the planned design and implementation of an intervention and support process, underscored by a comprehensive perspective of inclusion, a gender perspective, and a human rights orientation. It aims to address instances of involuntary displacement by restoring the living standards that individuals possessed prior to their displacement.
- **Socioeconomic Risk:** A risk that has the potential to affect properties, livelihoods, infrastructure, and productive activities of a human group.
- **Social Unit:** Refers to a set of personas with a legal, physical, or economic interdependence in relation to a real property.
- **Mixed Social Unit:** This pertains to an individual who, within their real property, possesses not only conditions for habitation or residency but also engages in one or more productive activities.
- **Productive Social Unit:** A natural or legal person that consistently engages in productive activities. These activities encompass the production and/or trading of revenue-generating goods and services within a specific real property. This person maintains a minimal operational infrastructure, such as equipment or shelves, to facilitate its operations.
- **Resident Social Unit:** Refers to either an individual residing alone or a group of individuals, connected by familial ties or not, who inhabit a dwelling. The term “inhabit a dwelling” signifies a continual habitation that fulfills basic needs such as housing and the consumption of at least one meal.
- **Vulnerability:** The susceptibility or sensitivity of a community to undergo adverse consequences or to experience negative outcomes in the event of a hazardous physical occurrence, whether natural or anthropic. It encompasses a predisposition to encounter casualties, injuries, health-related impacts, property and infrastructure damage, disruption of essential services, and harm to livelihoods. Additionally, vulnerability extends to susceptibility in various environmental aspects and the accessibility of ecosystem services.

4. Regulatory Framework

International

- Guiding Principles of the United Nations on Businesses and Human Rights.
- International Policies on Resettlement of Population: World Bank OP 4-12, BID OP- 710.

¹ Definitions referenced from the Manual of Guidelines for the Establishment of Resettlement Plans for Involuntary Relocation of Population and the Resettlement Policy Manual, UNGRD [Spanish acronym for National Unit for Disaster Risk Management].

- Manual for the Preparation of the Resettlement Plan of the International Financial Corporation (IFC).

National

In accordance with the provisions of the National Authority of Environmental Licenses – ANLA the following regulation must be considered:

Type	Number	Date	Epigraph	Articles
Law	3	15-01-1991	By which the National System of Social Interest Housing is created, the family housing subsidy is established, the Territorial Credit Institute, ICT is reformed, and other regulations are enacted.	The entire document
Constitution	NA	20-07-1991	Political Constitution of Colombia	1, 42, 43, 44, 46, 51, 58, 79, 80, 93
Resolution	545	05-12-2008	By which the social management instruments applicable to infrastructure projects developed by the National Institute of Concessions (INCO) are defined and criteria are established.	The entire document
Resolution	077	06-02-2012	By which social management guidelines are established for the development and execution of involuntary population resettlement plans, for irregular occupants of land required for projects of concessioned infrastructure through the National Infrastructure Agency.	The entire document
Resolution	1776	16-10-2015	By which Resolution 545 of 2008 is added. By which the social management instruments applicable to infrastructure projects developed by the National Institute of Concessions are defined and criteria are <u>established</u> for the application of the Socioeconomic Compensation Plan.	The entire document

Source: Manual of Guidelines for the Establishment of Resettlement Plans for Involuntary Relocation of Population in the Framework of Environmental Licensing. ANLA. Version 1. December 30, 2021.

In addition to the foregoing, the following regulations are considered:

- Law 99/93 Art. 57. On the Environmental Impact Study. The Environmental Impact Study is understood as the set of information that must be presented to the competent environmental authority by the applicant in pursuit of obtaining an environmental license. The Environmental Impact Study shall contain information on the location of the project, and the abiotic, biotic, and socioeconomic elements of the environment that may suffer deterioration due to the respective work or activity.
- Decree 2041 of 2014. By which Title VIII of Law 99 of 1993, on environmental licenses, is regulated. (It repeals decree 2820 of 2010).
- Decree 1076 of 2015. By which the Single Regulatory Decree of the Environment and Sustainable Development Sector is issued.
- Resolution 1402 of 2018. It adopts the Methodology to prepare and present environmental studies. It establishes the fundamental tenet of conducting a process involving project socialization and feedback during the construction of these documents under evaluation.

See the attachment on Resettlement Regulation for public utility projects.

5. Principles²

As per the World Bank's guidelines, operations necessitating resettlement must be assessed and prepared in accordance with two fundamental principles:

1. All possible measures shall be taken to prevent or reduce the necessity for involuntary resettlement. An in-depth analysis of project alternatives shall be conducted to identify economically and technically viable solutions that concurrently eliminate or minimize the need for involuntary resettlement. When examining the advantages and disadvantages of these alternatives, it is imperative to undertake a reasonable estimation of the potential affected population and an assessment of resettlement costs. Special attention must be placed on sociocultural aspects, including the cultural or religious significance of the land, the vulnerability of the affected population, or the potential for in-kind asset substitution, particularly when such decisions carry significant intangible consequences.
2. When displacement is unavoidable, a resettlement plan must be prepared to guarantee that the affected individuals receive fair and equitable compensation and rehabilitation. The compensation and rehabilitation are deemed equitable and appropriate when they guarantee that, in the shortest feasible timeframe, both the resettled and host populations
 - a. Will attain a minimum standard of living and access to land, natural resources, and services (including but not limited to drinking water, sanitation, community infrastructure, and land titles) at least equivalent to what they had before.
 - b. Will recover from all losses incurred due to temporary difficulties.
 - c. Will experience minimal disruption of their social networks, work or production opportunities, and access to natural resources and public services.
 - d. Will have opportunities for social and economic development at their disposal.
 - e. An equitable compensation shall be determined for acquisition of land and other assets. This process shall be carried out by expert appraisers. Expert appraisers shall be defined as individuals possessing have duly recognized training and/or experience in asset appraisal, and they must be registered in the Open Registry of Appraisers – RAA

Law 1673 of 2013 was enacted to govern the profession of appraisers in Colombia. Its primary objectives are to regulate and define the duties and skills of the appraiser in the country. This legislation aims to mitigate potential societal risks related to inequity, injustice, inefficiency, restriction on property access, lack of transparency, and possible deception to buyers, sellers, or the government within the appraisal process.

6. Development of the Resettlement Plan

6.1. FORMULATION AND CONTENT OF THE RESETTLEMENT PLAN

If, as a result of the implementation of projects and/or the operations of the COMPANY, there arises a necessity for involuntary population relocation, it becomes imperative to create a resettlement program. This program is designed to guarantee that the affected population attains, at the very least, the same socioeconomic conditions they had previously or ideally even better conditions.

The resettlement program will be executed in accordance with the findings of the diagnosis and census conducted as part of the Environmental Impact Studies (EIS) and the Environmental Management Plan (EMP).

If it is determined that a resettlement plan is necessary, the COMPANY must adhere to the following criteria in accordance with ANLA regulations:

1. Identify and facilitate the participation of public institutions (e.g., municipal administration, the Attorney General's Office) as well as private institutions, including civil society organizations, whose participation is deemed essential in the resettlement process.
2. Conduct a census of the social units to be resettled and establish, for each social unit, their socioeconomic attributes, and the specific characteristics of the individuals within the unit.

- Of each social unit, the following must be analyzed:

- Type of social unit (resident, productive, mixed).
- Permanence or time lived in the property and in the area and previous situations of displacement, if any.
- Form of tenancy of the real property and use of the property (housing, economic activities: industry, commerce, services, agriculture, livestock, and rental, among others).
- Economic activities and revenues developed in the property and in its surroundings.
- Degree of dependence with respect to natural resources available on the premises or in the surrounding area.
- Members of the social unit and characteristics, such as: name, relationship to the head of the social unit, age, gender, and activity undertaken, among others.
- Family structure (type: nuclear, extended), number of children and family members, existing family networks.
- Existence of social units with social vulnerability factors such as disability, terminal illnesses, old age, and unsatisfied basic needs (NBI), among others, as well as management measures to address these conditions.
- Constructive characteristics, spatial distribution, and endowment of housing units.
- Agrological characteristics of the properties and of the economic activities, productivity level, and productive chains implemented.
- Expectations of the social unit pertaining to the project, possible relocation, and the location and management alternatives.
- Social organizations existing in the zone where the social units to be resettled are located and the levels of participation of the population.
- Social programs or services of which the social unit and its members are beneficiaries, establishing the possible effects that the involuntary relocation may generate.
- Identify the intangible cultural heritage: social and cultural practices, aesthetic traditions, and modes of knowledge perpetuated within the community.
- Identify the degree of cohesion between neighbors, participation levels, existence of social support networks, and assess the disarticulation that may be caused in the territory as a result of the implementation of the project.
- Identify the offer of land and areas available for relocation in accordance with the uses of the land established in the POT, PBOT and EOT [Land Use Plan, Land Use Basic Plan, and Land Use Scheme].
- Characterize the population that will continue residing at the site, the existing socioeconomic networks between the persons staying and the population to be resettled. Additionally, identify in the assessment

of impacts those that may be caused to this population to formulate the corresponding management measures.

- Identify and characterize the community hosting or neighboring the new group to be resettled. Once the site is determined, analyzing the most relevant aspects deemed to facilitate or hinder their integration into the new community. Subsequently, formulate strategies and define the management measures for addressing potential impacts that may be generated.
3. Inform, communicate, and generate permanent participation processes for resettlement. Responsively manage queries, complaints, claims and requests of the population to be resettled, institutions, and the broader community.

6.2. EXECUTION OF RESETTLEMENT PLAN

Upon completion of the diagnosis and definition of the resettlement plan by the COMPANY, it shall proceed to execute a plan designed to:

1. Reestablish the existing living conditions of the resettled population, encompassing housing, access to public and social services, social relationships, and community assets.
2. Reestablish the revenue sources and economic activities of the relocated social units.
3. Define sites for potential temporary accommodations, if necessary, and/or modify properties for housing construction or restitution of economic activities. This could encompass constructing housing, initiating productive projects, and other related initiatives.
4. Incorporate the resettled population in their new habitatt.

The schedule and budget for program development should be defined. The program documentation supports including evidence of the involvement of the resettled population in the plan's design, execution, and monitoring. Furthermore, documentation demonstrating the participation of the host population and other relevant social entities in their respective areas of concern should be appended to the program.

To ensure the accurate implementation of the plan, provisions are made for monitoring outcomes, tracking effects, and conducting an audit of the population resettlement plan.

6.3. AUDIT AND PERIODIC EVALUATIONS OF RESETTLEMENT ACTION PLANS

Once the resettlement plan is executed, the follow-up activities will focus on ensuring compliance with the resettlement plan concerning social and economic conditions in both the resettled and host communities. The final assessment shall be planned according to the projected conclusion date of the plan, Signifying the moment in which it is expected that the living standards for those for whom the plan was designed have been achieved.

The COMPANY shall develop the stipulations outlined in this policy in accordance with the prevailing legal regulations concerning the subject and the directives set forth by the relevant governmental bodies.