



OT Community Engagement and Partnership

June 2022

Operating Model of OT Communities

Securing license to operate and managing productive and positive relationship



OT Vision

Natural wealth to enduring value, knowledge and skill OT Mission

Together deliver a safe and globally competitive copper business that contributes to the prosperity of Mongolia

OT CSP Objectives

- Maintain a productive and positive relationship with key stakeholders;
- Facilitate creation of an empowered local community by focusing on South Gobi entrepreneurship;
- Facilitate development of a competitive and sustainable national supply chain; and
- Manage OT's Social risks to ensure stability of OT's operations and to secure approvals for future developments

Leadership in OT Communities relationships

OT Community and Social Performance

Knowledge base

Impact & risk assessment

- Socio-economic baseline study (2008, 2013, 2018)
- Environment and Social Impact Assessment (2009, 2013, 2018)
- Social Risk Assessment (2013, 2015, 2018, Black hat review and certification 2020)
- OT Operational risk assessment annual
- OTUP Project Risk Assessment (2017, 2018)

Reporting

- OT and RT Internal reports
- External reports

Implementation

Operation management plans

- · Stakeholder engagement
- · Resettlement & compensation TPC
- Pastureland and Livelihood LASS
- · Participatory environmental monitoring
- · Community Health, Safety and Security
- Cultural heritage
- In-migration management
- HSEC management system

Review

Compliance and assurances

- · Compliance with national laws & regulations
- RT Standards
- · Lender requirements and Audits
- RT reviews: BCA, HSEC Review
- Investment Agreement and Cooperation Agreement tracking
- Internal monitoring

Joint mechanisms

Cooperation Agreement

- Partnership Committee
- Relationship Committee
- Local Procurement WG
- Local employment WG

Goviin Oyu Development Support Fund

- Community Investment
- DSF Board joint decision
- Annual \$5M from OT

Tripartite Council

- Khanbogd Herder Support
- Indirect impact
- Compensation

License to operate

OT's licence to operate is the level of acceptance or approval continually granted to our business by community and stakeholders, without which we can not grow our business or fully optimise performance.

Cross functional relationship

Internal consultative and approval mechanisms

- OT Board Partnership Committee
- SLT Umnugovi Partnership Committee
- CSP standard committee

- OT Operation
- HR/Training- local recruitment, employment and training
- Procurement Local procurement
- Environment Impact management OTUP
- HSES
- Special Projects

Contribution to SDGs through agreements & commitments



Partnership

OT Investment Agreement

OT Operational Management Plan

OT Cooperation Agreement

Social development



Chapter 8. Education and **Vocational Training**

Clause 8.13

Resettlement Action plan

- In-migration Action plan
- Pastureland and Livelihood Management Plan
- Cultural Heritage Plan
- Community Health and Security plan
- Stakeholder Engagement



Schedule 8.

Basic social services

(health, education, vocational training and employment)



Schedule 10. Social infra and capital projects

Economic development



Chapter 4. **Regional Development**

- Local development
 - Clause 4.5: 4.12: 9.9

Chapter 7. Infrastructure Access

Clause 7.11; 7.13; 7.15



Resettlement Action Plan

- Pastureland and Livelihood Management Plan
- In-migration Management Plan



Schedule 6. **Traditional Animal** Husbandry, Pastureland

Management



Schedule 9.

Schedule 4.

Water management

Local enterprise development, Procurement

Environmental Sustainability

Whapter 6. Environment

- Protect, monitor and report
- Rehabilitate, compensate
- Compliance & reporting
- Herder supply water
- Water to share to community
- Safe drinking water in soum
- Reduce consumption



- Water Management Plan
- Land Disturbance Plan;

Improvement Plan

- Biodiversity Management Plan;
- Air quality Management Plan; Pastureland and Livelihood

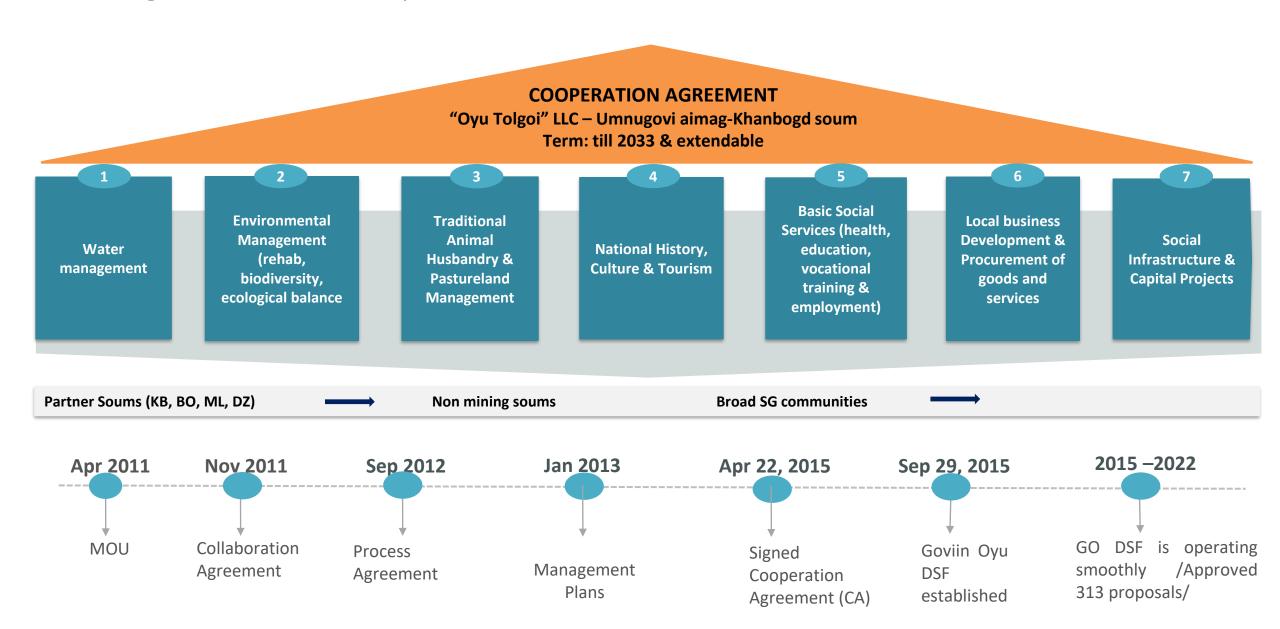


Schedule 5. Environmental management



Cooperation Agreement

Partnering for sustainable development



Significance of Cooperation Agreement

Promotion of community empowerment and partnership

The Agreement enables:

Communities' empowerment

Financial and governance leverage to empower the communities through promoting self-reliance attitudes - 'owner of own destiny' and 'your participation — foundation of sustainable development'

Communities' ownership

OT's role has shifted to catalyze, facilitate or "accompany" the communities in decision making process and transferring power and ownerships

Promotion of shared value

Robust foundation for creating shared values and achieving common goals towards License to operate (LTO) to the business and Sustainable development to broader community

Development multiplier

100 % retention opportunities for quantities and qualitative benefits of community programs in order to generate a strong socio-economic multiplier

Partnering to invest

Attraction of other stakeholders for partnering to invest in SG communities

Compliance with:

Minerals Law of Mongolia Article 42.1

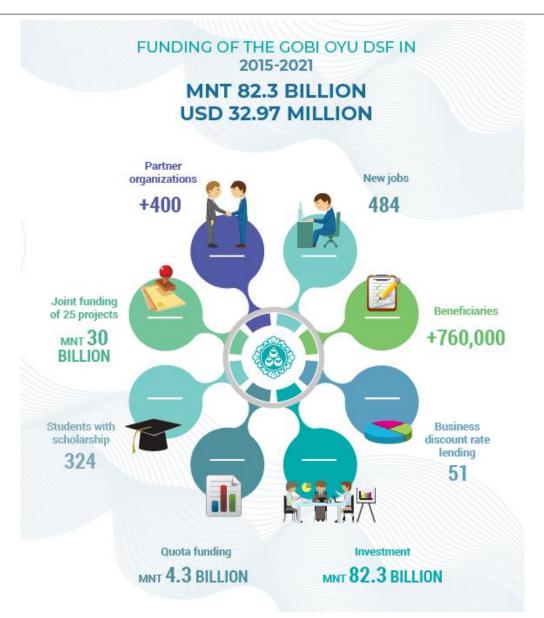
Investment Agreement - Chapter 4

Rio Tinto's CSP Standards

Lender's requirement - IFC and EBRD

Goviin Oyu Development Support Fund (DSF) Investment Overview





Major results

Social service



- 2 schools (1 ongoing)
- 6 kindergartens (1 ongoing)
- 1 Museum (opened on 18 May 2022)
- 3 Health centers (1 ongoing)

Basic infrastructure



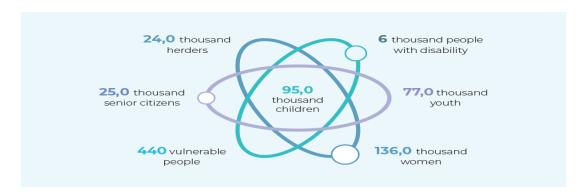
- 1 Water Facility
- 67 Herder wells
- 4 Boiler houses
- 1 Waste landfill facility
- 1 Flood dam/canal
- 6.5 km Drainage facility

Sustainable development projects



- 22 Training and capacity building projects
- 33 technical capacity projects
- 5 tree nurseries

TARGET BENEFICIARIES OF PROJECTS AND PROGRAMS FUNDED BY THE GOBI OYU DSF



Key programs to mitigate mine impacts



	Stakeholder engagement	Resettlement & compensation	Community Health, Safety and Security
Objective	 To ensure effective and continues engagement with local communities and other key stakeholders during the construction, operation, and closure phases of the OT 	Minimise societal instability associated with unmanaged in-migration and to leverage sustainable development opportunities	To minimise and mitigate community health, safety security impacts direct and in directed by OT; and provide a safe environment for community members
Key controls	 Consultation-Herder household visits, meetings Community event-Annual OT Open Days in Partners soums Information disclosure- Monthly Community Newsletter, mine site visits Issue based engagement-Tripartite Counsel, Partnership Committee, Community feedback-surveys, grievance mechanism 	 Prior consultation of impacts and compensations 2004 compensation programme implemented for 10 herder households physically displaced 2011 compensation programme done for 89 herder households Assistance continued to local vulnerable groups Outcome Evaluation by Independent Expert-2014; 2018 Corrective actions ongoing Completion Audit planned 	 Communication on OT's Emergency Response Plan Consultation of potential off-site construction Integrated Health programme for Southgobi Road Safety Awareness Youth Development Centre Regular monitoring community communicable disease and crime incidents Capacity building of local medical service
			РСК / ПГУ МОЛЕКУЛ БИОЛОГИЙН ЛАБОРАТОРИЙН

Key programs to mitigate mine impacts



	Pastureland & livelihood improvement	☐☐ In-migration management	Cultural heritage
Objective	 Mitigate the company's impacts on pastureland and water and contribute to develop sustainable rangeland management Support a sustainable and inclusive agriculture business that contribute to diversification of local economy and food safety and security of communities 	 Avoid or minimise societal instability associated with unmanaged in-migration and to leverage sustainable development opportunities Optimise broader opportunities for future local and regional economic development 	To ensure the management and protection of local cultural heritage where OT operates
Key controls	 Local Agribusiness Support strategy Khanbogd Animal husbandry sustainable development program Supporting Animal Health centre of Khanbogd soum Herders additional income generation initiatives Healthy herder projects Pasture and water access projects Participatory Environmental Monitoring 	 Local employment strategy and joint working group Local procurement strategy and joint working group Partnership Committee DSF Board and Relationship Committee Joint monitoring on in-migration GIS survey of Khanbogd Social and infrastructure investment via DSF 	 Land Disturbance Permit Procedure Chance Fund Procedure Community Induction OT Culture Ger run by Elders' Association Cultural Heritage site monitoring Support local national festivals Construction of local museums

Oyu Tolgoi strategy for Khanbogd development

\$50 million commitment by OT





The strategy transitioning into a Project

Current state

Focus on strategy

Under mine operation

Separate interests



Future state

Focus on delivery

Dedicated unit

Fully aligned partnership

KBD project

Immediate, visible, and impactful



Tripartite Council (TPC)

Best practice and mechanism to resolve community conflict and build partnership

Objectives:

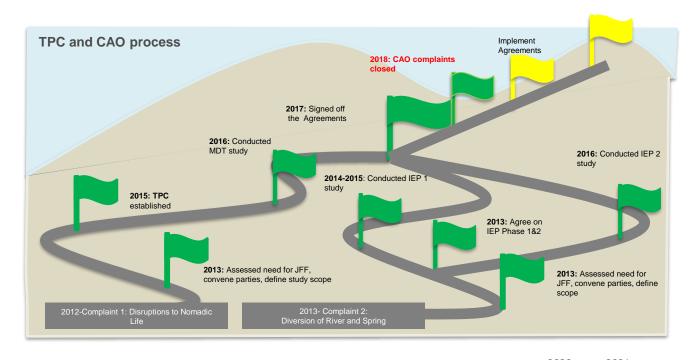
 TPC aims to ensure a full and effective implementation of two Herder Complaints Resolution Agreements and operate in an open and transparent manner.

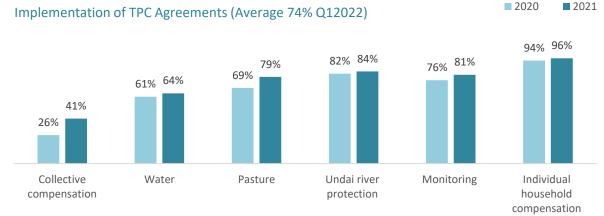
Structure:

 Composed of representatives from Khanbogd soum local government, herders' representation and Oyu Tolgoi Company, was officially established in 2015.

Milestones:

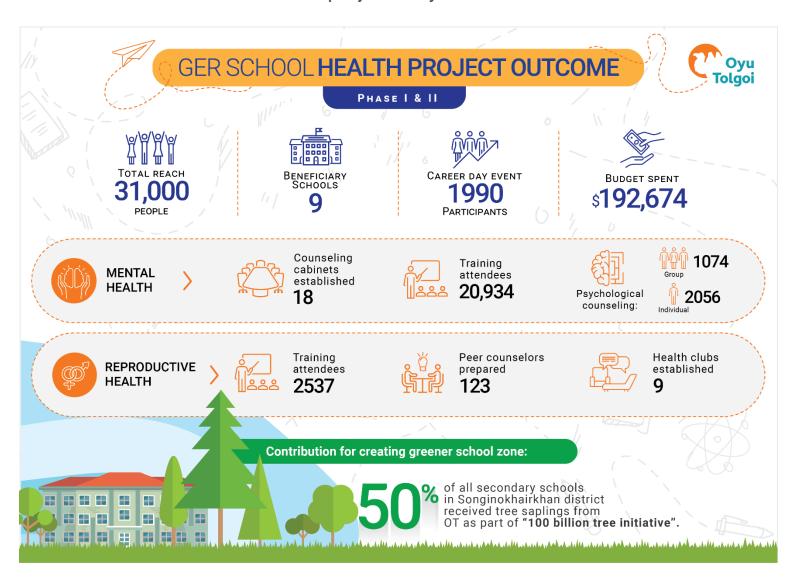
- 2018 CAO Complaints closed
- Sharing lessons learned events held in Ulaanbaatar and Khanbogd soum
- TPC Charter revised and roles and responsibilities of TPC members, secretary and advisors clarified
- 2020- Adopted Procedure of Conflicts of Interest





National initiatives & outcomes

Health project for youths:



Road safety project:



Thank you for your attention

