

Public Consultation and Disclosure Plan (PCDP)

Ukhaa Khudag Coal Mine and associated Road Improvement Program

*November 2008
Ulaanbaatar, Mongolia*



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1.0 Introduction

ENERGY RESOURCES LLC (ER) has been awarded the Mining License for UKHAA HUDAG (UHG) coal mine deposit which it proposes to develop, in conjunction with an improvement in the road for exporting coal to China. Energy Resources is a 100% Mongolian owned company, which is seeking to demonstrate best practice in Mongolia in implementing a Public Consultation and Disclosure Plan (PCDP).

The proposed project area for the UHG coal mine is in Tsagaan-Ovoo bagh, Tsogttsetsii soum, Omnogobi aimag in Gobi region of Mongolia. This is about 4 km to the north of Tavan Tolgoi coal deposit. The UHG project site is located about 90 km east of Dalanzadgad, the provincial capital and about 200 km from the Mongolian-Chinese border. It is also about 150 km from Ivanhoe Mines' Oyu Tolgoi copper-gold deposit and about 540 km from Ulaanbaatar, the national capital.

The proposed road upgrade follows the existing road way to China, tracking south east towards the border, passing through Bayan-Ovoo and Khanbogd soums. The project site and proposed road route is shown in the figures overleaf.

ER is now developing the UHG coal project in two connected projects:

- **The UHG Mine** is referred to as the "Fast Track" mine which will commence in early 2009 with the mining of about 1.0 million tonnes of "Run-of-Mine" (ROM) coking coal. This coal will not be washed and will be shipped direct by road to customers in China. After about 12-18 months the first module of the washing plant will be completed and this would allow the coal to be washed prior to transportation. Around 2.5 M tonnes per year (tpy) of ROM coal will then be processed in the washing plant to produce approximately 1.75 M tpy of clean coking coal. It is estimated that Stage 1 could last as long as six years. During the Fast Track stage, ER will employ a Mining Contractor to both mine and wash the coal to produce coking coal. After washing, a third party will transport the product coal to its final destination. The Fast Track Mine will, over its limited life, concentrate on mining the major coking coal seams (Seam 3 and Seam 4); this is intended to minimize the production of thermal coal which has a lower value.
- **The Road Upgrade** consists of an upgrade to an existing road between mines in the area (the existing Tavan Tolgoi mine currently trucks 2.5M tpy) and stockpiles along the Chinese border. The upgrade includes a physical improvement in the road surface (which is currently unpaved) as well as improving management and policing to reduce accident rates. It should be noted that the existing road creates large environmental impacts which will be mitigated through the improvement in road surface.

The Public Consultation and Disclosure discussed in this document relates only to stage one of the mining project and the road. Future developments will follow a separate PCDP project.

Figure 1 Location of the UHG Coal Mine and Road

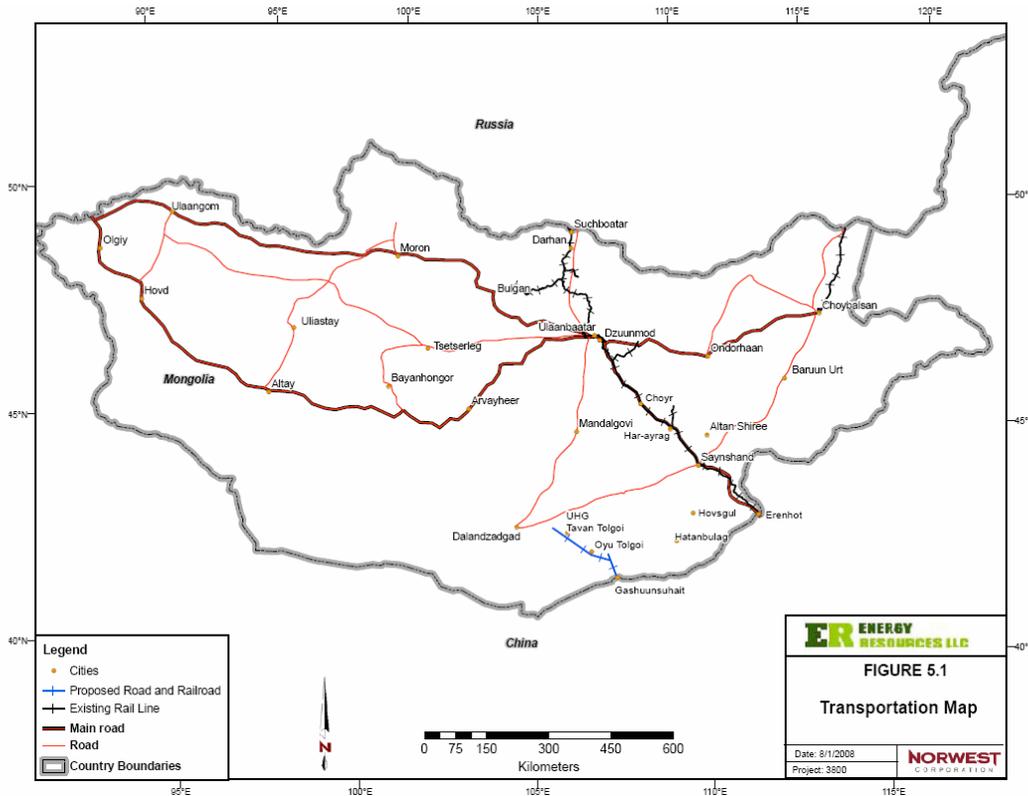
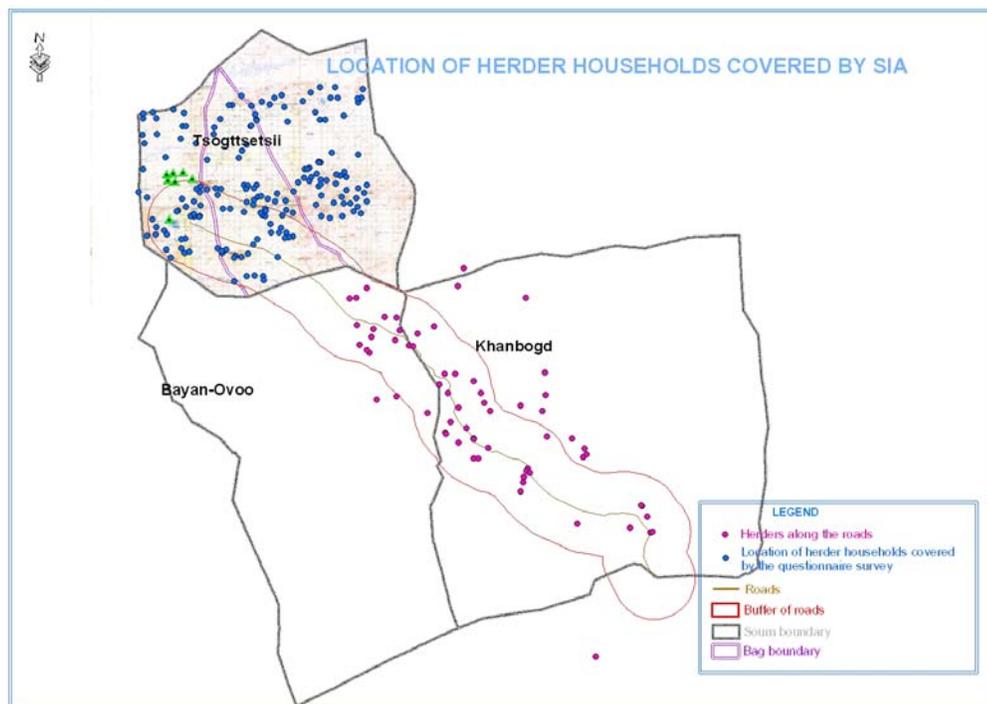


Figure 2 Consultation Conducted to Date – UHG Mine and Road



Energy Resources has requested that the European Bank for Reconstruction and Development (EBRD) provide financing for the coal and road projects. In line with the Lenders requirements an Environmental and Social Impact Assessment (ESIA) has been conducted in October 2008, and this PCDP is a way of ensuring ‘meaningful consultation’ is conducted with local stakeholders and affected communities.

In accordance with EBRD requirements and international best practice, the project has developed this stand-alone Public Consultation and Disclosure Plan (PCDP) document as a part of its compliance with the EBRD Environmental Policy 2003 and alignment with the 2008 Performance Requirements.

2.0 Regulations and requirements

2.1 Social and Environmental Legislation

Mongolia has a well developed set of environmental regulations which all companies must adhere to. The ESIA's conducted on the Mine and Road projects identified relevant legislation and conducted due diligence for compliance. A full analysis of environmental compliance is included in the Mine and Road ESIA's, available from the ER and EBRD websites.

In terms of social impact assessment and consultation, there is currently no specific Mongolian legislation to ensure public consultations and information disclosure. The Environmental Protection Law (1995) and The Environmental Impact Assessment Law (1998) do however provide the right of citizens to be informed about ongoing projects and to be involved in environmental protection activities. Accepting that there is a lack of specific legal guidance on the minimum standards for public consultation and disclosure, this project adopts the doctrine of attaining the highest standards (domestic or international) and wishes to comply with the need for ‘meaningful consultation’ embodied in EBRD Environmental Policy 2003 and looking forward to the Stakeholder Engagement Performance Requirements (2008).

Currently there are 32 laws relating to environmental management and the approval procedure in Mongolia as provided in the table overleaf.

Not all of these laws and regulations will directly affect company operations. The extent to which they are relevant will depend on the likely and locally perceived impacts that mining will have on the local community. There are also areas, such as resettlement, compensation and consultation, where the Mongolian legislative and regulatory environment is lacking – which are where international best practices and EBRD Performance Requirements are employed instead.

2.1.1 Environmental Laws in Effect in Mongolia

Resource Type	Law and Year of Passage
Land Resources	Mongolian Law on Land, 1994, renewed 2002 Mongolian Law on Land Use Fees, 1997, renewed 2002 Mongolian Law on Land Ownership for Mongolian Citizens, 2002 Mongolian Law on Regulation for Implementing the Land Law, 2002 Mongolian Law on Cadastre and Land Cadastre, 1999, renewed 2005
Minerals, Oil and Gas	Mongolian Law on Subsoil and Underground Earth, 1988, renewed 1994 Mongolian Law on Mineral Resources, 1997, renewed 2006 Mongolian Law on Petroleum, 1991, renewed 1999
Forest Resources	Mongolian Law on Forests, 1995, renewed 2007 Mongolian Law on Fees for Timber and Firewood Harvesting, 1995 Mongolian Law on Prevention of Steppe and Forest Fires, 1996
Water Resources	Mongolian Law on Water, 1995, renewed 2004 Mongolian Law on Water and Mineral Water Use Fees, 1995 Mongolian Law on Mineral Water, 2003
Plant Resources	Mongolian Law on Plant Protection, 1996 Mongolian Law on Natural Plants, 1995 Mongolian Law on Natural Plant Use Fees, 1995
Wildlife Resources	Mongolian Law on Hunting, 2000 Mongolian Law on Fauna, 2000 Mongolian Law on Hunting Resource Use Payments and on Hunting and Trapping Authorization Fees, 1995
National Park Resources	Mongolian Law on Special Protected Areas, 1996 Mongolian Law on Buffer Zones, 1997
Other Conservation Legislation	Mongolian Law on Environmental Protection 1995, and renewed 2005 Mongolian Law on Environmental Impact Assessment, 1998, renewed 2001 Mongolian Law on Air, 1995
	Mongolian Law on Protection from Toxic Chemicals, 1995 and renewed 2005 Mongolian Law on Toxic Wastes Import and Export Prohibition Mongolian Law on Endangered Animal and Plant Production Sell Mongolian Law on Wastes and Tailings Mongolian Law on Meteorology and Monitoring Mongolian Law on Reinvestment of Natural Resource Use Fees for Conservation and Restoration of Natural Resources, 2000

Sources: http://www.pmis.gov.mn/parl_mon.htm, EcoTrade LLC, Ulaanbaatar, Mongolia.

2.2 EBRD Meaningful Consultation Requirements

Energy resources affirms the view of the EBRD which:

“considers stakeholder engagement as an essential part of good business practices and corporate citizenship, and a way of improving the quality of projects. In particular, effective community engagement is central to the successful management of risks and impacts on communities affected by projects, as well as to achieving enhanced community benefits.” (EBRD, pp76)

This PCDP sets out the mechanism by which the mine development and road upgrade projects will improve on the existing information disclosure and stakeholder engagement programme. This will be based on the following principles:

- 1) that public information on the project is a right of the local community
- 2) that meaningful consultation, in which the project is open to adapting its plans, will be entered into without coercion or deception
- 3) that a grievance and complaints mechanism will be established
- 4) that stakeholder engagement will be on-going throughout the project life

To achieve this, the mine development and road upgrade projects will prepare a range of appropriate and accessible forms of information on the project, for distribution to the local community. These will include brochures, radio advertisements, information booklets to be distributed by bagh governors and notices to be posted on the information boards in soum governor’s offices. Innovative mechanisms of disseminating information, such as ‘open gers’ at public events (e.g. nadaam, horse races) will also be investigate with an aim of supplying information as broadly as possible. These are set out in greater detail in the following sections.

Recognising that the mine is a category ‘A’ project for the EBRD and that the road upgrade is specified as a category ‘B’ project for the EBRD, the project plans on having regular consultation with affected communities.

3.0 Prior Public consultation and disclosure

The scoping study conducted for the ESIA has identified that, to date, there had been a deficit of stakeholder engagement during project preparation, especially in terms of stakeholder identification and analysis. Whilst consultation at the local government (soum governor) level had been proactive and effective, there has been insufficient engagement with herders and other affected communities for this project to represent best practice.

To remedy this, this PCDP sets out a strategy to undertake immediately an information campaign that targets local herders and affected communities. This will be followed by a series of key stakeholder meetings, which will focus on those individuals and groups that are likely to be

affected (directly or indirectly) by the project. This is a continuation of the stakeholder identification process, which began in October 2008.

3.1 Stakeholder Identification and Analysis

In the preparation for this PCDP, a detailed scoping study was conducted to identify likely stakeholders. This was conducted as part of the project Social Impact Analysis which was prepared by Dr Caleb Wall¹ of Environmental Resources Management (ERM). The analysis is based upon independent interviews and research by Dr Wall, and from research conducted by the Centre for Policy Research.

The Centre for Policy Research (CPR), an Ulaanbaatar based independent NGO, was contracted directly by Energy Resources LLC to gather baseline socio-economic analysis and to conduct interviews with affected stakeholders in the region. From October 5 - 12, a team of nine CPR researchers travelled to the Omnogovi region, during which time they conducted interviews with 336 households (a total of 380 persons were interviewed) across eight baghs (sub---districts) in the three soums of Tsogttsetsii, Bayan-Ovoo & Khanbogd. A summary of the interviews conducted is provided below.

Table 1: Households covered by the field surveys in UHG area

Soums	Households					
	<i>Herding</i>	<i>Livestock keepers*</i>	<i>Absentee herding*</i>	<i>Unemployed*</i>	<i>Government employees*</i>	<i>Total</i>
Tsogttsetsii	185	20	27	12	32	276
Bayan-Ovoo	23					22
Khanbogd	37					38
Total	245	20	31	18	33	336

Note: * - those who live at soum centre of Tsogttsetsii soum

To provide context to responses and to allow for follow-up interviews, a GPS reading was taken at the site of all interviews. These interviews are mapped in Figure 2, along with the site of the mining operations (green pyramids) and the road to the Chinese border.

To add depth and detail to the work of CPR, Caleb Wall conducted a visit to Mongolia from October 18 – November 3, including a field visit to the mine site from October 21 – 25. During this visit follow-up interviews were conducted, along with discussions with key stakeholders such as soum governors and affected herders.

This stakeholder identification process identified that the following stakeholders are, in order of impact:

¹ Caleb.Wall@erm.com : Environmental Resources Management (ERM), 15810 Park Ten Place, Houston, Texas.
 +1 281 579 5435

- 1) herders whose livestock graze within 15 km of the road route (estimated at one hundred households, totalling 450 individuals)
- 2) herders grazing within 50 km of the mine site itself (estimated at 10 households, totalling ca 45 individuals)
- 3) residents of the Tsogttsetsii soum center near to the mine camp
- 4) residents of the bagh center in Bayan-Ovoo soum who live near to the existing road
- 5) herders operating within three affected soums who are nearby proposed temporary construction camps
- 6) employees and potential suppliers
- 7) relevant government & local authorities (especially local government officials involved in permitting, labour, health),
- 8) community based organisations in Omnogovi as well as Ulaanbaatar based NGOs
- 9) Scientific and research organisations, especially those focused on the environment and interested in the impact of mining on the development of Mongolia
- 10) other concerned or interested parties

In undertaking this consultation, the UHG project will seek to identify in particular any at risk groups or individuals who will be adversely and disproportionately affected by the road upgrade or mine development. Part of this process will involve separating actual impacts from perceived impacts, responding to perceived impacts through improved information disclosure so as to clarify and allay community concerns. The stakeholder engagement plan reflects the feedback and suggestions of affected communities who were interviewed as part of the ESIA.

4.0 Stakeholder Engagement Approach

The stakeholder engagement plan envisaged for the project is for the Community Relations Manager to take a leading role in ensuring regular consultation with affected communities and stakeholders.

This will include periodic visits to the homes of the most at-risk groups as well as regular (monthly) contact with bagh governors – who act as a conduit for information in the rural Gobi.

In addition UHG will organise a series of public consultation events, to be hosted in rural and urban locations, which will set out project plans and request feedback from stakeholders. Where appropriate, the project will assist in covering transportation and accommodation costs for stakeholders who have to travel to these events.

The public events will form the basis of on-going information disclosure for the project. Just as at present, the UHG project announces and discusses all future work activity with the soum governor, so too will the project consult with affected communities about its plans for future work. In cases where the negative impacts of operations can be avoided, mitigated or better

managed – these options will be presented by the Community Relations Manager to project management and response options investigated.

This opportunity for feedback and suggestions on project activities is aimed to fulfill the EBRD requirement of meaningful consultation (EBRD, pp79), which is defined as consultation that:

- 1) is based on the disclosure of relevant and adequate information including, where appropriate and relevant, draft documents and plans, prior to decisions being taken when options are still open;
- 2) begins early in the environmental and social appraisal process;
- 3) focuses on the social and environmental risks and adverse impacts, and the proposed measures and actions to address these; and
- 4) is carried out on an ongoing basis as the nature of issues, impacts and opportunities evolves.

To facilitate that these standards are met, the mine development project road upgrade project will report back to stakeholders on the outcomes of consultations and justify why project actions have been taken. This disclosure will be public and will also include periodic external reporting to the EBRD and as part of the Energy Resources LLC Annual Report.

This approach is embodied in the Public Consultation and Disclosure Plan, below – and is based upon the concept of using *accessible and appropriate* means of communication – targeted at each stakeholder group, as summarized below.

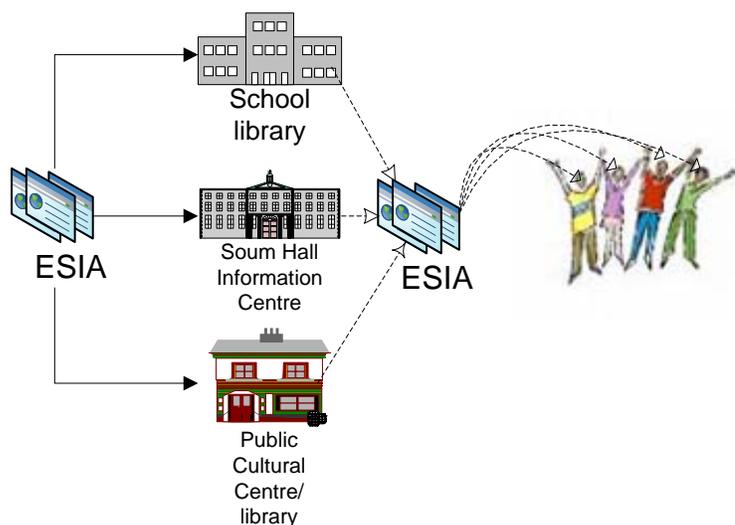
Affected Stakeholder Group	Methods of Engagement
Herders directly impacted by the mine and road	<ul style="list-style-type: none"> * Direct engagement with community relations manager * Open ger sessions in affected areas, including promotional events and presence at cultural events * Frequent updates and information through brochures
Residents of the soum centres nearby the mine camp and road	<ul style="list-style-type: none"> * Information posted at soum cultural centers and governor’s offices, including take-away materials * Meetings with the Community Relations Manager
Herders and soum residents in the wider region	<ul style="list-style-type: none"> * Invitations to public consultation session and open gers * Brochures, radio public service announcements etc
Employees, contract workers and potential suppliers	<ul style="list-style-type: none"> * Staff and supplier training and induction sessions, including feedback and grievance mechanism
Local government authorities and permitting officials	<ul style="list-style-type: none"> * Direct engagement with Community Relations Manager * Site visits, open gers and regular invitations to mine site
Community Based Organisations in Omnogovi and national NGOs	<ul style="list-style-type: none"> * Access to brochures, company reports and information * Engagement with CRM and UB based Director
Scientific and research organisations	<ul style="list-style-type: none"> * Access to brochures, company reports and information * Enhanced ER engagement in public fora and events
Other concerns and interested parties	<ul style="list-style-type: none"> * Company reports, website posting and updates, as well as contact points (local and intl) for questions

5.0 Summary of the PCDP – Action Plan

In keeping with the objective of ensuring meaningful consultation through the project, the following public communication methods will be used for the UHG mine development and road development. A list of contact persons and places is given in section 7.1, later in this document:

- 1. Public awareness meetings at the UHG project effected area e.g., Tsogtsetsii, Bayan Ovoo and Khanbogd;** to be conducted in December 2008, at School GYM & Cultural Centre of each soum, notification in forms of announcement, meeting agenda shall be delivered to the targeted audience in three weeks prior to start the meeting
- 2. Internet & E-mail Consultation;** on ER website – www.energyresources.mn, which is under construction and shall be launched at 14 of November, 2008, EBRD website - www.ebrd.com and promulgated in local media (as below), allowing for informed feedback by email: contact@energyresources.mn
- 3. Press releases & Media interviews;** press releases to UB based newspapers, the daily newspaper “Zuunii medee”, local periodic (every 10 days) newspaper “Mongolian Gobi” and weekly newspaper in English “UB Post”. (Mongolian and English language). Accepting the lack of newspapers in rural areas, prepare radio public service announcements that provide information on the UHG project “Mongolian National Radio” and local radio “Gobi Dolgion (Wave)” and invite people to open ger events’ announcements (ads) shall be posted at soum centre (school, soum hall, shops), bagh governor’s ger and provide mobile phone contacts for the Community Relations Manager, Kh. Munkbat, mobile phone: 9901-4082; email:munkhbat.kh@energyresources.mn
- 4. Community support activities;** continuing existing investments in social infrastructure, with an increased emphasis on eliciting community opinions on which projects to invest in – discussions to be conducted on an on-going basis by the CRM.
- 5. Face to face discussions with local people e.g., herders;** will be conducted in November and December 2008. The Community Relations Manager, as well other staff such as the mine manager, will visit directly affected herders and invite interested parties of open ger events, as scheduled in the following table
- 6. Environmental education & training measures;** which will include engagement with local government officials, as well as the production of accessible information brochures. These will be distributed through bagh governors, cultural centers (Tsogtsetsii, Bayanovoo, Khanbogd), events at the three local schools (Tsogtsetsii, Bayanovoo, Khanbogd) as well as handed out by the CRM
- 7. Dissemination of EIA reports to libraries and public venues;** will utilize the existing channels of communication available in this remote region – such as soum governor’s offices, cultural centers, schools and bagh governors.

ASIA Report Dissemination Process



8. Contribution of articles to magazines and journals on an ad-hoc basis

These methods of information distribution are seen as precursors to the development of a constructive dialogue with local stakeholders and affected communities. This dialogue will be based around hosting periodic 'open house' or 'open ger' sessions as well as through community outreach, facilitated by the Community Relations Manager. These plans are detailed in Appendix 1. The agenda for a planned information session (10 November 2008) is included in Appendix 2.

It is also realised that because of the nomadic nature of the population, no single course of information flow will be sufficient. Thus the UHG project will work with bagh governors, community groups and others to open multiple avenues of communication with the community. As part of the on-going process of meaningful consultation, opportunities will be provided for affected communities to make complaints through the grievance mechanism.

5.1 Schedule: Public Consultation and Disclosure Action Plan

i	Actions should be undertaken	Resources & Responsibilities	Timetable
1.	PUBLIC AWARENESS PROGRAM, Open House at Tsogttsetsii, Bayan Ovoo, Khanbogd		
1.1	Develop a meeting/open house program	Ch.Bayarjargal, Permit & License Contractor, phone# 9111-6655, e-mail: bayarjargal@mcs.mn	3 November 2008
1.2	Post illustrated meeting announcement at the soum & bag halls and schools;	Ch.Bayarjargal, Permit & License Contractor, phone# 9111-6655, e-mail: bayarjargal@mcs.mn	10 November 2008
1.3	Provide brochures, flyers, leaflets with key messages of UHG project activities, contact details;	B.Bayarmagnai, Government Liaison Director, phone#9910-0576, e-mail:bayarmagnai@energyresources.mn	10 November 2008
1.4	Establish a permanent board with UHG project information at admin units e.g., province, soum, bag hall, keep it updated	Kh.Munkbat, Community Relations Officer, phone# 9901-4082	15 November 2008
1.5	Prepare feedback forms to establish a feedback connection with targeted stakeholders;	Z. Tumennasan, Document Control Officer, PMT, Phone# 9977-2000, e-mail: tumennasan@mcs.mn	Continuously
1.6	Identify the Resource who will present information	Kh.Munkbat, Community Relations Officer, phone# 9901-4082	15 November 2008
1.7	Identify the location that is familiar to target audience	Kh.Munkbat, Community Relations Officer, phone# 9901-4082	10 November 2008
1.8	Emphasis desire for feedback from stakeholders in presentations	G.Tulga, Sh.Bat-Erdene, PMT, phone# 9911-5686, e-mail:tulga@mcs.mn, baterdene.sh@mcs.mn	20 November 2008
1.9	Ensure that issues raised are documented, followed up and closed out, listed at the web site	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	From 15 Nov.-regularly
1.10	Contact target and participatory groups directly to invite to	Ch.Bayarjargal, Permit & License	15 November 2008

	meeting	Contractor, phone# 9111-6655, e-mail: bayarjargal@mcs.mn	
1.11	Provide incentives to attend, with attractive entertainment (famous singer, artist etc), refreshments available, <u>highlight</u> this fact in advertising the meeting;	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	
1.12	Invite a variety of NGOs that are directly involved in rural community development	Kh.Munkbat, Community Relations Officer, phone# 9901-4082	15 November 2008
2.	INTERNET & E-MAIL CONSULTATION		
2.1	Organize construction of dedicated web site for UHG project	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	14 November 2008
2.2	Posting of ESIA Reports and Environmental & Social issues and public documents shall be the priority of this web site	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	10 November 2008
2.3	Provide electronic feedback forms, questionnaires, dedicated e-mail address and appoint a responsible person for reviewing the reporting the stakeholders' comments and recommendations;	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	10 November 2008
2.4	Web site shall include links to GOM and Mining, Environmental and Social NGOs domain;	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	10 November 2008
2.5	Use the internet centre for public access at the province, soum/ bag halls, schools;	Kh.Munkbat, Community Relations Officer, phone# 9901-4082	15 Nov.- regularly
3.	PRESS RELEASES & MEDIA INTERVIEWS (RADIO, TELEVISION, NEWSPAPERS)		
3.1	Invite local/national media reporters for interviewing ER/ UHG project staff, and local stakeholders	B.Bayarmagnai, Government Liaison Director, phone#9910-0576, e-mail:bayarmagnai@energyresources.mn	15-20 Nov.2008
3.2	Hosting roundtable discussions with members of interested groups and local stakeholders' representatives at local television/radio	B.Bayarmagnai, Government Liaison Director, phone#9910-0576, e-mail:bayarmagnai@energyresources.mn	15 Nov.2008 - 31 Jan.2009

3.3	Identify and use popular TV programs and newspapers as a means for public-centered mass media programs	B.Bayarmagnai, Government Liaison Director, phone#9910-0576, e-mail:bayarmagnai@energyresources.mn	15 Nov.2008 - 31 Jan.2009
4. COMMUNITY SUPPORT ACTIVITIES			
4.1	Ensure committed engagement of local community in an open, honest and effective consultations <ul style="list-style-type: none"> ▪ Poverty reduction program ▪ Health care ▪ Cultural heritage restoration, exchange program ▪ Environmental issues 	B.Bayarmagnai, Government Liaison Director, phone#9910-0576, e-mail:bayarmagnai@energyresources.mn	According to the socially responsible business plan up to 1 January 2010
4.2	Invest in programs that improve performance skills and productivity of workforce <ul style="list-style-type: none"> ▪ Equal employment opportunity, career development ▪ Scholarship program ▪ Livelihood source diversification ▪ Partnership development program ▪ Effective resource co-management 	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	According to the socially responsible business plan up to 1 January 2010
4.3	Support the social infrastructure upgrading/improvement, fund allocation for school teacher and medical personnel professional upgrade, technical support	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	According to the socially responsible business plan up to 1 January 2010
5. FACE TO FACE DISCUSSIONS			
5.1	Identify the focus group (herders, business community, local authorities) that could be invited to face to face discussions	Ch.Bayarjargal, Permit & License Contractor, phone# 9111-6655, e-mail: bayarjargal@mcs.mn	15 Nov.2008-regularly
5.2	Review findings of in-house studies and compendium of knowledge related to the focus groups/portion of local	Sh.Baigalmaa, Ts.Baasandorj, Munkhbat, ER + Project team	10 Nov.2008

	population who may be affected by the mining and develop strategies for appropriate responses		
5.3	Develop mechanisms that ensure win- win solution towards local community & UHG project relationships	Sh.Baigalmaa, Ts.Baasandorj, Munkhbat, ER + PMT,	regularly
6.	AN ENVIRONMENTAL EDUCATION & TRAINING MEASURES		
6.1	Provide monthly presentations on Responsible Mining, Environmental & Safety education for target audience e.g., for students, herders	B.Batbagana, Environmental Manager, phone#9908-4443, e-mail:Batbagana@energyresources.mn	Start: 09 Nov,2008, monthly
6.2	UHG site EHS management best practice shall be adopted to the local community	Kh.Batbold, ER + Z.Sugarmaa+ Project team	15 Nov.- regularly
7	DISSEMINATION OF REPORTS		
7.1	Make draft reports widely available for comment, ensure that reports are available in libraries of soums/ bags allowing access to the local community as well as to target groups	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	Monthly report
7.2	Continue policy of informing public of availability of the ESIA reports, ask for their comments	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	Monitor monthly
7.3	At location of reports provide means for public comments, e.g., feedback forms, suggestions box, comments book	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	Monitor monthly
8	CONTRIBUTION OF ARTICLES TO MAGAZINES AND JOURNALS		
8.1	Continue to proactively look for opportunities for publishing articles in local magazines and journals	Z.Sugarmaa, Head of Admin & HR department, phone# 8810-1111, e-mail:sugarmaa@energyresources.mn	periodically
8.2	Submit articles to international magazines focused on the environmental and ESIA	B.Bayarmagnai, Government Liaison Director, phone#9910-0576, e-mail:bayarmagnai@energyresources.mn	periodically

6.0 Grievance Mechanism/Complaints Procedure

The purpose of the complaints procedure is to ensure all complaints from local communities are dealt with appropriately, with corrective actions being implemented and the complainants being informed of the outcome. All complaints will be handled in accordance with the flow chart (see Appendix 4) and treated without prejudice

Specifically, the UHG project undertakes to respond to all complaints with 30 days of submission – and more quickly in cases where there is a specific urgency. Where requested and appropriate, the UHG project will treat complaints confidentially and in all cases grievances will be addressed without prejudice.

All grievances and reports will be registered in the Complains Log and a generic report (removing commercially and personally sensitive information) will be generated on a semi-annual basis. This Grievance Report will be made publically available, to demonstrate that the company is dealing with complaints in a responsive way.

The Community Relations Manager, Kh. Munkbat (phone# 9901-4082) is responsible for managing the grievance process, overseen by Z.Sugarmaa, Head of Admin & HR department, (phone# 8810-1111, e-mail: sugarmaa@energyresources.mn)

Both verbal and written complaints will be entered on the Complaints Log (see Appendix 3) and the Complaints Action Form.

The complaints log provides a record to show that actions are tracked and carried out. It records:

- Date the complaint was recorded;
- Person responsible for the complaint;
- Information on proposed corrective action sent to complaint (if appropriate);
- The date the complaint was closed out; and
- Date response sent to complainant.

The complaints log will be used to analyze complaints for frequency and common themes. The complaints action form species the information required to ensure the complaint is dealt with.

The form is split into four parts:

Part A: Information about the complainant, the number of the complaint (taken from the Complaint Log) and the method of response required.

Part B: The complaint section, where all the details relevant to the complaint are recorded.

Part C: For recording the immediate action required and identifies the long term corrective action (if required).

Part D: Details how the corrective action shall be verified and signed off.

7.0. Reporting

Energy Resources will publish its finalized ESIA documents, a summary of issues raised during the consultation process and appropriate feedback on its website and place hard copies, which should not be removed, in local soum cultural centers and in the open gers of the project.

Throughout the Project, Energy Resources will maintain communication channels with relevant Stakeholders as identified in the PCDP and the Community Relations Manager will be responsible for ensuring that these channels of communication remain open.

In addition to the Grievance Procedure, Energy Resources will notify interested stakeholders of any significant Project events, for example, changes in the Project schedule or major changes in project planning. Energy Resources will provide project updates on its web site and notify stakeholders via the Community Relations Manager, open ger sessions and updates posted at the cultural centers in the three affected soums.

During construction and operations, Energy Resources will produce an annual environment and safety report, which will be based upon a summary of the Company's performance on management of health, safety, environment and social issues. This will be posted on the ER website and provided in Mongolian to soum cultural centers and governors offices.

7.1 Contact Details for the Public

Information Points

(NB: Physical addresses are not used or required in rural Mongolia, instead relevant offices and individuals are located through asking people and common knowledge)

- 1. Soum Cultural Centers of Tsogttsetsii, Bayan-Ovoo and Khanbogd**
- 2. Schools in the Soum Centers of Tsogttsetsii, Bayan-Ovoo and Khanbogd**
- 3. The Open Ger at the Mine Camp** – which will provide all documentation, brochures, as well as remaining accessible for complaints to be made
- 4. The Community Relations Manager**, contactable at his home in Tsogttsetsii soum center, by mobile phone (9901-4082) and if requested available to visit affected parties in the Omnogovi region
- 5. Public offices in Ulaanbaatar, as below**

Energy Resources Offices

Official address 2nd floor, Od Plaza,
Seoul avenue, 1st Khoroo,
Sukhbaatar district, Ulaanbaatar

Business address 8th floor, Max Tower,
Tourist avenue, 1st Khoroo,
Sukhbaatar district, Ulaanbaatar,
Mongolia.

Tel.: 322279, Fax.: 330290,
Contact@energyresources.mn

Kh.Munkbat, Community Relations Officer, phone# 9901-4082

B.Bayarmagnai, Government Liaison Director, phone#9910-0576,
bayarmagnai@energyresources.mn

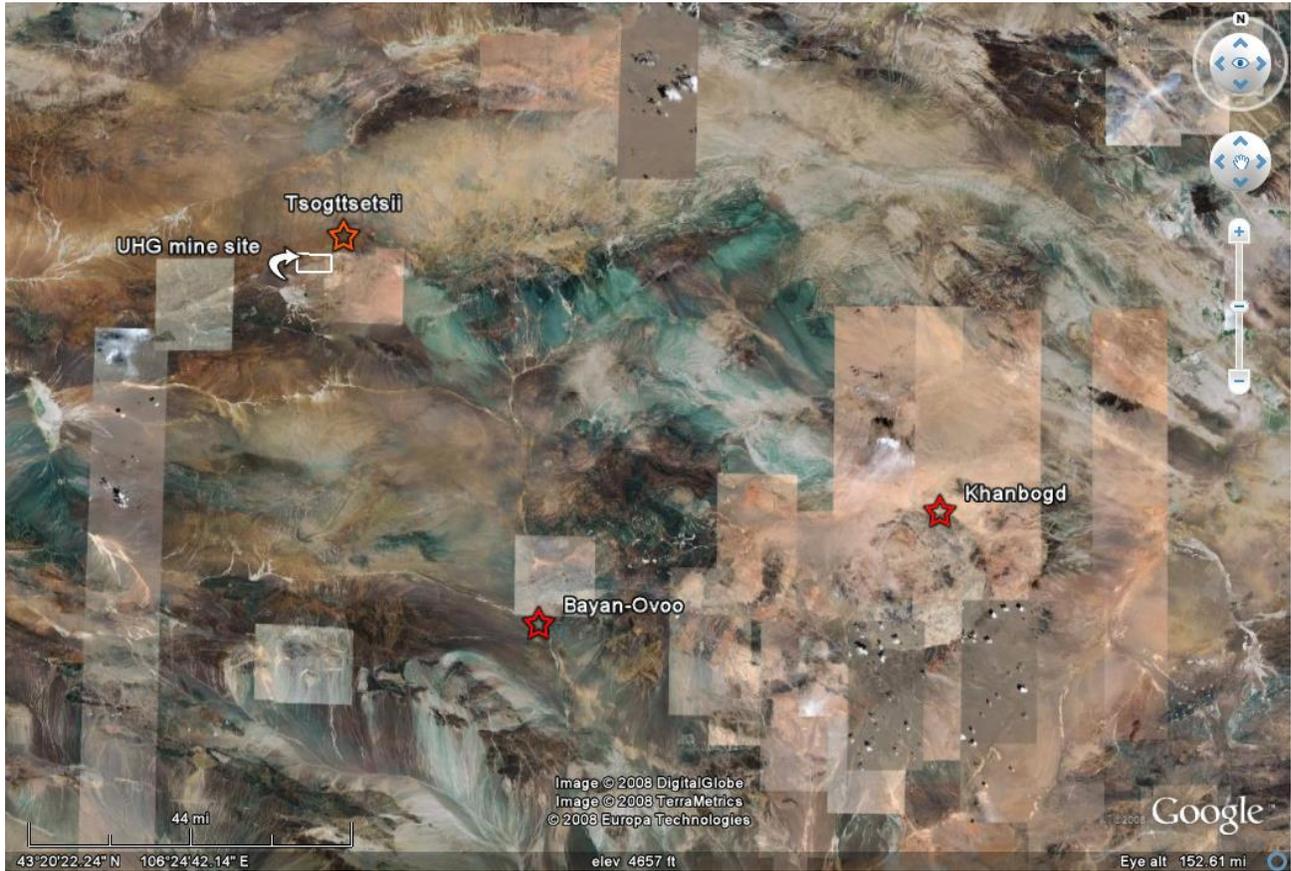
EBRD Ulaanbaatar Office

3rd Floor
MCS Plaza
Seoul Street – 4A
Ulaanbaatar 210644
Mongolia
Tel: + 976 11 317 974/298
Fax: + 976 11 315 844
Country Director: John Chomel-Doe

EBRD London (Business Information Centre)

One Exchange Square
London EC2A 2JN, UK
Tel: +44 20 7338 6747
Fax: +44 20 7338 6155
Website address. <http://www.ebrd.com/projects/eias/index.htm>

Map of Locations:



8.0 List of References

EBRD's Performance Requirements (2008)

Environmental Laws of Mongolia (1997), Ministry for the Nature and Environment, Mongolia.
Publisher information: "Orbis" Co., Ltd., (in Mongolian)

ESIA – Ukhaa Khudag Mine Project. Sustainability, 2008.

ESIA – Ukhaa Khudag Road Improvement Plan, Sustainability, 2008.

Appendix 1: Open House / Open Ger Plan

Objective:	Give all-around project information to local community to maintain below: <ul style="list-style-type: none">(i) create confidence and positive impressions(ii) exchange of opinions with local community by establishing open environment
Key message:	<ul style="list-style-type: none">(i) brief introduction of UHG project(ii) environment friendly high technology transfer(iii) cost efficient best management practice(iv) socially responsible, good neighborhood
Target groups:	Primary: Local Herders Secondary: Local Authorities and NGOs and etc.
Stakeholders:	“Energy Resource” LLC in cooperation with Soum Authorities and related NGOs
Information delivery method:	<ul style="list-style-type: none">(i) face to face discussion,(ii) delivery of brochures and related PR materials(iii) information desk(iv) presentations(v) organize party
Press release & Mass media:	News and articles for local newspapers, TV interview for local TV’s, Radio program, Video and photo documentation

Appendix 2: Agenda for Mine Information Session – Planned for November 10, 2008

Date: 11/10/2008

Location: Ukhaa khudag camp, Umnugobi aimag

	ACTION	TIMING	RESPONSIBILITY	
1	"UHG" coalmining project perspectives (mine, infrastucture, social development, community relations etc)	15 ' with 10' for questions	G.Battsengel	Managing Director, ER LLC
2	Mining Operation	15 ' with 10' for questions	D.Chinbat	Head Of Mining & Geology, ER LLC
3	Responsible Mining & HSES, Employees Responsibilities	15 ' with 10' for questions	Sh.Baigalmaa	Head Of Infrastructure planning & HSES, ER LLC
4	Environment & Reclamation	15 ' with 10' for questions	B.Batbagana	Inviremental manager, ER LLC
5	Equal Employment Oppportunity & Local Workforce	15 ' with 10' for questions	Z.Sugarmaa	Head of HR & Corporate Affairs, ER LLC
coffee break				
6	UHG Camp Operation, Long Term Goals	15 ' with 10' for questions	N.Batbold	Camp manager, ER LLC
7	Camp Catering, Officenet LLC, indroduction, operation objectives, employment policy	15 ' with 10' for questions	Altantsetseg	Executive director, Officenet LLC
8	Catering Requirements & Standards	15 ' with 10' for questions	Uyanga	Office manager, Officenet LLC
9	Health & Hygiene Training	15 ' with 10' for questions	Oyunsuren	Hygienist, ER
10	Open Discussion	25 '	Include all participants of meeting	

Total time: **3hrs**

Appendix 3: Comments and Complaints Form

1. PLEASE TYPE OR PRINT CLEARLY IN DARK INK.
2. COMPLETE THE ENTIRE FORM AND SIGN.

INFORMATION ABOUT THE PERSON MAKING THE COMMENT & COMPLAINT: (Confidential?)

Your Name (surname/name): _____

Check One: _____ Mr. _____ Mrs. _____ Ms. _____ Dr.

Home Tel: _____ Business Tel: _____ Cell: _____

Address: _____

This address is: (check one) _____ Home _____ Business _____ School _____ Organization

PLEASE BRIEFLY DESCRIBE YOUR COMMENTS & COMPLAINT BELOW:

(use back of form or attach additional documentation if necessary)

WHAT WOULD YOU LIKE TO SEE HAPPEN TO RESOLVE THIS COMPLAINT?

The information I have given is true and accurate to the best of my knowledge and may be used as stated in this form.

Signature: _____

Date: _____

Return to: UHG Mine Camp, Tsogtsetsii soum, Umnugobi Province or
ER UB office, OD Plaza, Seoul Str, Sukebaater duureg, I khoroo, UB

Received by: _____

Date: _____

Appendix 4: Complaints Process – Flow Chart

