Summary of EBRD Consultation Activities

Post Disclosure of ESIA

Oyu Tolgoi Copper-Gold Mine

The Environmental and Sustainability Department (ESD) of the European Bank for Reconstruction and Development (EBRD) has been involved in the review/appraisal of the Oyu Tolgoi copper mine in Mongolia since early 2010. Over this time period we have spent over 260 days on the project, and spent 60 days in-country over with over 15 site visits. The Environmental and Social Impact Assessment (ESIA) for the project was released into the public domain for review and comment on 10 September 2012 (it can be found at http://ot.mn/en/about-us/environmental-social-impact-assessment, http://www.ebrd.com/english/pages/project/eia/41158.shtml and hard copies of the entire ESIA (in both English and Mongolian) are available at the EBRD headquarters in London, at EBRD Resident Office in Ulaanbaatar, at the Oyu Tolgoi office in Ulaanbaatar and at several locations in the vicinity of the site including Khanbogd and Dalanzagdad.

During the course of the disclosure, the only written comments received by EBRD were those presented in the report by CEE Bankwatch entitled “A Useless Sham”. The following provides a summary of the key issues raised in the document, and outlines EBRD’s general response. A summary of other activities completed by the EBRD team during this time period is presented in Attachment A to this document.

It should be noted that in November 2012, OT received the same document and have since published a response, which can be found at: http://ot.mn/en/feedback-esia/response-ngo

The ESIA is incomplete

Allegations have been made that the ESIA is incomplete, mainly because the Operations Management Plans are not yet provided and the issues of tailings has not been fully addressed. EBRD, along with colleagues from IFC and EDC, has spent a significant amount of time going over the documents and we do not agree with these statements. In fact the ESIA presents a detailed discussion of the entire project including tailings management and presents an assessment of the various impacts and mitigation measures that could be associated with all aspects of the project, from construction through to operation and closure. In terms of the example about tailings, Section A 4.8.6 discusses tailings water management, and presents water demands for the tailings for all operations. Further, Section C 5.4.9 specifically addresses the possible impacts associated with operations of the tailings storage facilities. This section presents a discussion of impacts, describes the mitigation measures and then outlines the significance of the residual impacts.

The ESIA is retroactive
We agree that the publication timing for this ESIA is not ideal in terms of the status of on site activities, although it should be recognized that this is not the EIA for deciding whether the project will be completed, rather the function of this ESIA is to assess possible project financing. We recognise that at the time the ESIA was disclosed, site construction (for the above ground operations) was somewhere near 70% complete. This delay is a function of many things, including the timing of the signing of the Investment Agreement and the need to have most substantial national authorizations (approval of local DEIAs) in hand before seeking finance. While construction was at an advanced stage prior to publication of the ESIA and Construction Management Plans, EBRD and other lenders have been involved with the review of the project for over two years now and over this time period we have been involved in reviewing the mitigation measures to be implemented onsite as well as actual inspection of onsite activities and comparison to commitments in the ESIA and international practice. It should also be pointed out that the project has been involved in the National EIA process for many years (dating back to 2004). Further, we have retained an Independent Environmental and Social Consultant to assist the Lender group and this company has been involved on regular monitoring/auditing of site performance, dating back to the year 2010. The latest results of this monitoring will be released in the public domain as part of the planned disclosure of regular monitoring and disclosure anticipated in the Environmental and Social Action Plan of the ESIA.

Risk Analysis is inadequate

The NGOs suggest that key risks have not been included within the ESIA. Examples mentioned include the risk of resource nationalisation or other political risk. While we are sure that OT is considering such events, the ESIA is not the place to analyse these. Many of the issues raised as risks are not strictly required by our policy nor is it standard practice to address these in an ESIA.

The ESIA does address risk as required by EBRD policy and the EU EIA Directive. For example in terms of subsidence, ESIA Sections A 4 and C5 state that while subsidence is expected above the area for block caving, this is not anticipated to impact any surface water feature or existing critical structure. Note that the zone of anticipated subsidence is shown on Figure A 4.10. While this is not anticipated to cause an impact, this potential will be monitored and if required an adequate mitigation measure, such as collection and re-routing of surface and subsurface flow around the zone of subsidence will be undertaken.

The herder population meet EBRD’s definition of indigenous peoples

PR7 aims to provide specific protections to IPs because it recognizes that “IPs, as a social group with identities that are distinct from dominant groups in national societies, are often among the most marginalized and vulnerable segments of the population”. In Mongolia, herders are neither distinct, nor are they marginalized. The vulnerability of herders is not caused by their distinctiveness, but is linked to their dependency on scarce natural resources. It is clear therefore, that PR7 does not apply as the Mongolian herders are not considered Indigenous Peoples (IPs) as per the definitions in Performance Requirement 7 (PR7). PR 7 includes the following characteristics:
1. **Self-identification as members of a distinct ethnic or cultural group and recognition of this identity by others:**

Mongolian herders are not ‘distinct’ from ‘a dominant national group’ ethnically or culturally. Of Mongolia’s total population of approximately 2.9 million, 37% live in rural areas and are nomadic or semi-nomadic herders. Herding still provides 40% of employment and accounts for about 20% of GNP. The vast majority of Mongolians belong to the Khalkh Mongol ethnic group, including the herders in the South Gobi. Herders may self-identify as indigenous but so would over 85% of Mongolians, who are of the same Khalkh ethnic background.

Herding is part of Mongolia’s national identity and pride, and while it is currently declining in economic importance in the country, it is still important in terms of defining Mongolia as a nation. Most urban Mongolians still have links to this lifestyle through relatives and value it highly.

In general, Mongolia’s herders need to be considered as especially vulnerable because of their dependency on scarce natural resources. They may be limited in their capacity to participate and benefit from economic developments and they are particularly vulnerable if their land and resources are transformed, encroached upon or degraded. It also needs to be understood, however, that not all herders are poor and vulnerable. In fact, many herders outsource their herding activities when presented with other income opportunities. EBRD requires that vulnerability of herders (and other groups such as women, youths, elders) be systematically addressed by this project by identifying and mapping vulnerable people and implementing tailored measures to ensure proper impact avoidance and mitigation specific to their circumstances.

2. **Collective attachment to geographically distinct habitats, traditional lands or ancestral territories (...) and to natural resources in these habitats and territories:**

Herders are ‘attached’ to the land they live on and the natural resources that form the basis of their livelihoods, but this land is not ‘distinct’ from the homeland of all Mongolians and it may indeed change over time. Mongolian herders have undergone 4 major land tenure and livelihood shifts in less than 100 years with fundamentally differing livelihood strategies (ie splits between subsistence and yield-focused economies), entailing periodic relocation of many herders across Mongolia, changes in administrative boundaries, and associated erosion of customary pasture rights and institutions.

3. **Descent from populations who have traditionally pursued non-wage subsistence strategies (...) and whose status was regulated by their own customs or traditions or by special laws or regulations:**

This applies to all Mongolians equally (in the 1950s, only 15% of the population was urban). As noted above, however, these ‘traditions’ have undergone many changes over the past 100 years and production was not always focused on subsistence strategies.

4. **Customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture:**
This is not applicable in the Mongolian context as herders are regulated by the same laws and institutions than all Mongolians.

5. A distinct language or dialect, often different from the official language or dialect of the country or region:
   This is not applicable in the Mongolian context.

Free, Prior and Informed Consent (FPIC) of the nomadic herders must be obtained before the project moves forward

Under EBRD policy, FPIC is only relevant if PR7 applies, which is not the case in this Project as herders are not IPs.

The stakeholder consultation process is flawed and cannot prove broad community support

EBRD does not have a requirement for undertaking a review of Broad Community Support. Rather our requirement is that a project must conduct meaningful consultation. EBRD staff has reviewed the consultation activities performed by OT, and while we have made various suggestions over the time period of our involvement, we conclude that OT has conducted and will continue to conduct meaningful consultation.

The project RAP and related compensation contracts are inadequate and destroying the affected communities’ livelihoods

Meetings by ESD with about 10 resettled/displaced households have shown broad support for the resettlement process. There have been sufficient meetings by ESD, other lenders and the IESC (20) with displaced herder HHs, and thus ample opportunity for herders to voice their grievances about “being forced” or “intimidated”, “manipulated” or receiving “unfair compensation”.

The 2004-05 resettlement, designed by the previous proponents and which was not designed with a view of Lender requirements but based on WBG OP 4.30, does appear to have been accepted as fair by affected households. Certain compensation approaches (e.g. replacement of stone winter corrals with wooden winter corrals, at the request of affected households) may not satisfy ‘like for like’ replacement but were based on consultation with affected people and meeting their expectations. Herders’ expectations also prioritised education tuition for their children, employment opportunities for themselves, livestock increase and business development to increase their income and to diversity income sources.

In addition, our review of the RAP and interviews with the OT community relations team suggest that the steps taken in current 2010/2011 resettlement are in alignment with PR5.

- No herders have moved back to winter shelters, as alleged by OT Watch. Some resettled herders do however use the old winter shelters for summer grazing purposes from time to time.
- RAP is rooted in a large amount of consultation with herders who are bringing their first-hand understanding of herding practices to the table; the Mongolian staff working for OT also have
direct knowledge and experience of herding (1 staff was preparing a Ph.D. on herding practices), and consultation with expert groups such as the CPR, MSRM, the University of Agriculture and the Ministry of Light Industry and Agriculture, has provided a sufficiently deep understanding of the issues faced by the herder households. The Compensation Working Group was instrumental in combining the different voices and translating them into a compensation framework agreed by the different stakeholders.

- The compensation measures look beyond just the “direct physical impacts” by providing scholarships, access to employment and training, in view of offering diverse opportunities both in traditional and new livelihoods.

- Survey evidence conducted in 2010 indicates that 90% of households have increased their herd size since the resettlement process, and that most households have improved their standard of living adding durable consumer goods to their households, and engaging in waged labour. Households were also asked for their views of the changes undergone since the resettlement and all responded that their living standards were either the same (60%) or better (40%) than before. When asked whether their income had changed, 60% responded that it had improved and 40% that it had remained the same.

There is no gender impact assessment or other gender differentiated analysis in the ESIA

The ESIA notes that women were consistently well represented in public consultation meetings, focus groups, local community advisory groups and expert teams undertaking social baseline work. The same is true for OT’s community relations team.

Lenders encouraged the project to present more gender-disaggregated data in their baseline work as well as KPIs/monitoring efforts and commitments to that effect were introduced in the construction management plans. Nonetheless, it needs to be noted, that increased adverse impacts to women because of their vulnerability or marginalisation were not identified as a key risk by the project or the lenders/IESC. Thus a separate GIA was not deemed necessary.

Data shows that women in Mongolia tend to be at a slight advantage when it comes to education, especially among the rural population, as boys are held back to work as herders while women attend school. Key areas of concern for women, as presented in the Community HSS baseline, include mortality in childbirth, domestic violence and human trafficking. These issues have not been addressed in detail in the subsequent chapters, but work is on-going in some of these areas, notably human trafficking.

Further, OT is one of several mining companies lobbying the GoM to change the law restricting women from working in mining.

- ESIA section D17, p.17: “A recent labour force survey conducted by Oyu Tolgoi has shown that of the total of 114 trainees undergoing job readiness training in Khanbogd at present, 79% of the trainees are represented by women and 21% are men.”

- ESIA section D17, p.30, Monitoring measures: Number of women employed by Oyu Tolgoi and Contractors working at Project Sites (including among Mongolian nationals) and breakdown of
positions occupied by women by the level and type of technical skill (unskilled, semiskilled/service, technical/engineering, management, and administration). Male/female workforce ratio, including in managerial positions.

Finally, some components of the Local Business and Economic Development Program are specifically targeted at women.

The Health impact assessment does not fully address concerns related to mine operations or dust pollution

The ESIA recognises that dust is a likely source of health impacts related to the development of the projects. Project standards have been developed to manage this issue and specific dust control measures have been defined for works involving top soil stripping; waste rock operations; tailings handling; rod grading; transfer and handling of coal/ash to and from the heating plant; and blasting operations. The Air Emissions Management Plan includes detailed requirements for ongoing training and monitoring.

Water Resource Management

Many issues are raised in terms of water management. The importance of water management is recognised by the Company and by EBRD. EBRD has taken great care to understand the situation in terms of water resources in the site area, and we are confident that the issues have been adequately addressed. Adequate safeguards have been built into the project in terms of the current understanding of the hydrogeological systems, and a detailed monitoring plan will be implemented to ensure that adverse impacts are not experienced. Specific questions and responses are presented below.

The ESIA fails to establish that water abstraction from the Gunii Hooloi will not impact other water sources in the area

The ESIA published in 2012 presents the evidence to justify the fact that there is no communication between the deep and shallow aquifer near Gunii Hooloi. Statements are made in ‘A Useless Sham’ that there is a complete lack of information in the public domain about the possible connectivity between the upper and lower systems. The source of the original statement is L Johnston 2011, USAID. This source was published before the ESIA and reliance on this older reference totally neglects the 2012 ESIA that clearly addresses this topic. The ESIA also makes comprehensive statements about the level of investigation and evidence required before the project can be expanded, including any increase in production rates.

Extensive research has been completed into the hydrogeology of the Gunii Hooloi basin and all data indicate that planned pumping from the deep aquifer will have no impact on the shallow aquifers. This information is presented in the ESIA. The hydraulic conductivity values for the linear aquifers are at least two orders of magnitude greater than the hydraulic conductivity values for the underlying upper units in the Gunii Hooloi basin, so even if the piezometric surface within the deep aquifer is lowered, this will not induce vertical downward flow. The shallow linear aquifers will
continue to act as perched aquifers and flow will continue horizontally across the Gunii Hooloi basin even in the presence of extensive pumping.

**The Detailed Environmental Impact Assessment for the Undai River Diversion should be published immediately**


Excavation of the open pit started in 2012, long before the diversion of the Undai. As stated in the ESIA, the open pit will not and can not be excavated at the location of the Undai until the Undai has been diverted. The Undai only flows over the southwestern portions of the pit, not the entire pit. This area of the pit is not planned for excavation for some time. As of 6 February 2013 the Undai has not been diverted and the pit has not been excavated in this area.

**The decision to use wet tailings rather than dry tailings increases the potential environmental and social hazards of the project dramatically**

Actually, the ELAW document states that if the ESIA does not propose dry tailings disposal (which is almost always the environmentally preferred alternative), then the ESIA must clearly demonstrate that dry tailings is not feasible in this instance.

Section A5.7 of the ESIA contains the evaluation of tailings treatment and concludes that wet tailings are preferable in this case due to a series of factors. Firstly, from a technical standpoint, the conclusion of the extensive design work was that wet paste was required for the storage (for process plant tailings) and dry storage for overburden / waste rock. Wet paste storage for tailings is an industry standard technology.

While dry stack tailings have been considered at a number of mines around the world, this is a non standard approach with limited industry track record. In very cold climates a limited number of mines have attempted to use this technology and those that do so are on a much smaller scale than OT. Mongolia’s cold and arid climate presents serious technological limits and operational management issues for the large vacuum filtration plant that would be required. While it is true that dry tailings do use less water, the technological limits, higher operating risks and capital costs do not make them a feasible option in most projects around the world, including OT.

The Project also rightly focusses on the potential for dust impacts to the health of the workforce and the neighbouring population. The primary A key factor in the design of the tailings handling process is therefore minimisation of the dust generating potential to limit the risk to health. As stated in the ESIA, technical due diligence has concluded that wet tailings shall form a protective surface crust layer as they settle and dewater following placement in the TSF. This process shall therefore minimise the potential for dust generation both during and after the deposition of tailings. The Project shall collect and recycle the resulting supernatant from the dewatering process and the design indicates that the final tailings shall contain approximately 18% liquid which it should be noted is in line with the liquid content of ‘dry’ tailings.
The baseline biodiversity assessment is not based on scientifically rigorous research

There is usually room for improvement in terms of baseline data used in the ESIA, and that is the case on this project. However, all baseline surveys are samples as opposed to covering the entire site area. While the baseline data could have been better on this project, OT has been augmenting the knowledge base and continues on such efforts, and is applying the precaution approach to estimating impacts and developing offset strategy.

The management plans are unrealistic and poorly defined

We understand the cross cutting issues on many of the plans and that is why we have had numerous cross sector discussions with biologists, geologists, sociologists and hydrogeologists on the various issues on this project. Of particular interest in the cross cutting issues is the Undai diversion and maintaining subsurface and surface flow in the diverted Undai. It is not agreed that the diversion will have significant impacts on multiple habitats downstream of the mine site, as the objective of the diversion is to maintain the flows of both surface and subsurface waters from the diversion dam back into the Undai channel downgradient at the replacement spring. We have reviewed the technical details of the proposed design (as presented in Section C 5.4.2 of the ESIA) and we have had our independent environmental consultant and the independent technical consultant review the design, as well as the proposed monitoring planned to assess effectiveness of the diversion. While the details of design are presented in a document underlying the ESIA, the basics of this design (including construction of the cut off dam, geological cross section at the diversion, and details of the size and gradients of the diversion trenches) are provided in the ESIA. We do not suggest that it will be easy to replicate the Bor Ovoo spring, and this is why detailed studies have been completed to allow proper design. Further, if for some reason the design does not achieve the objectives (that is transfer of the subsurface and surface waters downstream, and replicate the spring) the proposed monitoring will identify this and remedial measures will be taken. Such monitoring commitments are summarized in Section D7 WR 14 a-d, WR 15 a-c and WR 16 a-b. It should be stressed that the biologists have provided input to the design of the replacement spring and have added provisions to ensure that the spring can be used by large and small animals, and that they will be able to access the water while standing on native granular materials found in the Undai channel, as opposed to any man made surface.

The offset strategy for biodiversity is based on insufficient and inaccurate data

The offset strategy for this site has been developed by a team of internationally recognised conservation biologists using procedures accepted as best practice. While these procedures may not be perfect, adaptive management will be applied to accommodate any required changes to the designs based on observations and monitoring results. The objective of the program is to achieve No Net Loss (NNL) (which Rio Tinto refers to as Net Positive Impact or NPI) and the monitoring established for this project is designed to verify this. At the same time the monitoring will be able to identify if changes need to be made to the planned activities. It is recognised that the current strategy is not estimated to achieve NNL for the Great Bustard or the Houbara Bustard over the 25 year life of mine. OT is currently assessing the need for additional offset opportunities for the
bustards which are likely to rely on measures elsewhere in Mongolia or on migratory routes outside of Mongolia.

**The environmental and social impacts of the coal power plant should have been included in the first release of the ESIA**

The Investment Agreement between the Project and the Government of Mongolia requires that the Project sources power from a domestic source within four years of commissioning. Until that time, power will be sourced from the Inner Mongolian Power Company via an overhead transmission line from the Mongolian-Chinese border. Oyu Tolgoi continues to evaluate the development of a dedicated power plant for Oyu Tolgoi, but will also review other options for sourcing power for the mine from elsewhere within Mongolia. As Oyu Tolgoi’s current power agreement covers the first four years of commercial production, the decision to build a power plant is not required for one to two years. If a facility is to be built on the Oyu Tolgoi site, it will be considered an additional facility and will be subject to the requirements of D1 – Management of Change within the ESIA. A supplemental ESIA to international standards would be required for this facility and would be placed in the public arena for consultation purposes in line with Lender requirements.

**The ESIA does not adequately address the adverse impacts of roads and other infrastructure developments on biodiversity and the local herding community**

The ESIA process, and the Bank’s evaluation of the ESIA, has considered in detail the various aspects of infrastructure associated with this Project. This has included the main export road to China and minor roads built between the various elements of the Project; the power line from China to the site and from the site to Khanbogd; the water borefield and supply pipeline from the field to the site; and indirect impacts related to mine infrastructure such as the re-routing of surface drainage paths to avoid rock and tailings dumps. The potential adverse impacts to biodiversity have been assessed through the engagement of a panel of internationally recognised experts at the behest of the Lenders, who have made a series of mitigation and off-set recommendations against the impacts that have been captured in project commitments and in the ESAP. With regard to the local herding community, the Project, the Lending Group and the various advisers engaged have all carried out detailed consultation and assessment of infrastructure impacts to herding activities. Mitigation measures, such as engineered road crossing points for herded animals, have been and continue to be, implemented and monitoring shall review the effectiveness of these measures.

**Impacts from regional water consumption and future potential transboundary impacts should have been included in the ESIA**

We have reviewed the planned water use and potential impacts associated with this in significant detail and there is nothing to suggest this could result in a transboundary impact. The original groundwater exploration works identified distinct basins that cover an extended area – 50 km plus from the mine site. The resources identified have elements that are distinct and elements that show a degree of connection. It should be noted that there are no other industrial users of groundwater within that 50 km radius and that works have been undertaken (and continue to be undertaken) to evaluate the potential for impacts to other water resources from the exploitation of the identified deep groundwater aquifers. The nearest ‘boundaries’ to the Project are significantly distant from
the Project and that to the north is a considerable distance and a number of watersheds distant. In particular, references have been made by third parties to risks of impacts to boundaries to the north, but it is inconceivable that the Project could have any impact at that boundary.

**The impacts of climate change and greenhouse gas emissions are not adequately addressed**

The Project has produced a detailed study of GHG emissions and management and this is available in the public domain.


**The Operations Phase Monitoring Plans should be disclosed in the public domain before EBRD financing**

It should be stressed that the entire ESIA, including the Environmental and Social Management Plans for Construction is available in the public domain, and has been available since September 2012. The ESIA includes Section C which is the identification and assessment of potential impacts. This section also reviews and establishes the measures that will be applied to avoid, minimise and mitigate predicted impacts at the site, during all phases, including construction, operation and closure. The Environmental and Social Management Plans for Construction capture the commitments to action from the ESIA covering construction related activities. Similarly the Operations phase management plans will capture those commitments to action from the EISA covering issues related to operations. These plans will be finalised and disclosed before start of commercial operations at the mine. The actions that will be captured in these plans are not new, they can be found in the ESIA Section C. The management plans will only formalise the methods that will be utilised to embed these procedures into operations. This is standard procedure on large projects and is certainly not a unique approach for this project.
Attachment A

Summary of Activities Completed During Disclosure

EBRD

Oyu Tolgoi Copper-Gold Mine

Since the disclosure of the ESIA, the Environmental and Social Department of EBRD (ESD) have continued to work with the client to understand and progress environmental and social mitigation to ensure that the Project meets the Bank’s requirements. This paper presents the wide range of tasks have been undertaken, including the following:

1. Received regular updates from OT as to their stakeholder engagement activities and made various recommendations as needed;
2. Visited the project (October 2012) in order to attend a range of meetings with affected stakeholders, NGOs, trade unions and government officials. This visit also included a visit to key Project elements (Undai, open pit, waste disposal facilities) to observe progress and confirm standard of construction and operation;
3. Reviewed third party comments about the ESIA process and documents addressed directly to EBRD and organised a face-to-face session to discuss these comments.

Further detail on these activities is outlined below.

1. **Updates from OT as to their stakeholder engagement activities and ESD recommendations**

EBRD continue to liaise with OT in relation to the management of environmental and social issues. Since the start of the disclosure process, a number of key issues have been raised, which are summarised below.

- **OT disclosure activities**: in the early disclosure period, OT met with representatives of the Aimag and Soum governments, and also met with a range of NGO and civil society organisations.
- **Internal stakeholders/staff**: Information was provided to staff via email and newsletter. Of the comments received from staff, the top issues raised included regional development/influx (14 comments), water (11), biodiversity (8), health (8), waste management (7) and labour issues (7).
- **Feedback** provided by EBRD and IFC included the recommendation to increase the emphasis on public community and town hall meetings in addition to the household visits.

2. **EBRD Site visit and meetings in Mongolia**

During a visit to the project in October 2012, EBRD undertook a range of meetings with stakeholders, as outlined below:

a) Attendance at Open house organised by OT in their UB information centre
Two ESD staff attended an open house organised by OT in their information centre in UB. There were several OT staff present and the information centre was very well equipped with miniature models of the planned mine, information about technical aspects, as well as environmental, social, OHS and procurement/employment matters. The full ESIA was available for visitors. The event was only attended by 15 people and it was evident that most stakeholders were mainly interested in the employment opportunities offered by the project.

b) Attendance at Open house and town hall meeting organised by OT in Khanbogd soum centre

ESD’s social specialist attended a town hall meeting that followed an open-house day at a local community hall. There were about 15 stakeholders from the local community present. OT presented an update on a range of issues:

- Progress update on key infrastructure such as the powerline and upcoming efforts on roads, water, and water treatment provision;
- Safety issues associated with the higher possible driving speeds on the new road and efforts taken to minimise risks, such as training;
- Ongoing progress in the implementation of the compensation program for herders;
- A local staff member presented information on the Green Club he created as a charity organisation, which is mainly active on site and works with other OT employees. They have recently established a tree planting initiative.

The following questions/issues were raised during the Q&A:

- Timeframe for providing power to the KB soum centre;
- Roads need to be improved soon because of the dust;
- The manager of the school said they created a group and planted trees but they need a well; the school is too small and there needs to be a new school and more computers (now there is 1 computer for 20 students).

At the end of the session, the participants expressed interest to hear more about the actual mining activities during these thematic information sessions. OT agreed to provide further information in the future.

c) Meeting with Trade Union Representatives

OT’s trade union (OTTU) was established about 2 years ago. A 2nd collective bargaining agreement (CLA) was negotiated over the summer of 2012, which has since been signed and registered with the relevant government agency and the Aimag. OTTU is part of the umbrella Confederation of Mongolian Trade Unions and currently has about 900 members (about 40% of OT employees) and covers OT’s direct employees, including non-members. The CLA includes matters such as benefits to family members, site allowances, transport allowances, etc. The new CLA negotiated higher salaries for situations where workers have to act for absentee superiors.
(20%) or fellow workers (15%), more flexible leave policies, and disaster covers (e.g. leave for family emergencies).

There is a ‘Speak Out’ direct telephone line managed by HR and workers can also discuss any complaints with their trade union rep. The most common complaints were associated with relatively minor issues such as food quality and facilities’ hygiene.

All workers have four weeks on-two weeks off shifts and 24h off every 14 days during their four week shifts. Workers have expressed the need to get more time off and the desire to be housed in apartments where they can live with their families, though this would require the provision of additional infrastructure including schools and clinics. Salaries are reported by workers as being comparable with other projects but that working conditions and opportunities for professional development were better at OT.

d) Discussions with OT’s Regional Development and Social Performance team and the local community liaison team.

EBRD staff then had discussions with OT Regional Development and Social Performance Team in UB. During these meetings we were informed that activities during the 2010-2012 period were aimed at large infrastructure development such as the Khanbogd power supply, domestic water investigations, road network, etc. Key issues raised included the following:

- **Human trafficking**: Work has recently been undertaken on human trafficking in the context of supply chain

- **Social impact assessment baseline**: due to commence in 2013, with more focus on the soum centre’s socio-economics and ethnography.

- **Negotiations on the Cooperation Agreements**: these are taking place with the soum and aimag governments (these agreements articulate mutual obligations and “securing permanent ‘must-haves’ while allowing for periodic reviews of practicalities”) The target date for signing is Q2 2013.

- **Ongoing communication**: Staff have been appointed to lead community relations efforts, including 4 information assistants (1 for each bagh) who have been provided employment as part of the economic displacement compensation package. The new community information centre is a new large building with a lot of information on display and several training rooms. The Influx Management Plan: work is ongoing. Key issues include the resurfacing of the KB-OT road to address the dust issue and the assumption is that there will be a budget for this work in 2013-14.

- **Monitoring**: OT monitors influx on a monthly basis (and out-flux from the neighbouring soums toward KB, but until now there has been no evidence of that happening). There are plans to strengthen the monitoring of socio-economic impacts.

e) Open house in EBRD’s Resident Office in UB for interested stakeholders to discuss the ESIA
On 11 October 2012 EBRD held an open house meeting in our Resident Office in UB. This meeting was advertised beforehand in the local newspaper, stating that Environmental and Social specialists familiar with the project would be available to speak to anyone with questions about EBRD possible involvement on the project. Interested parties were encouraged to phone in advance and schedule a time for their meeting. Three individuals took advantage of this opportunity. These individuals raised points in relation to the dissemination and clarity of the Mongolian language version of the ESIA but no issues or complaints were raised in relation to the environmental and social impacts from the Project. ESD staff obtained additional hard copies of the Non-Technical Summary of the ESIA for circulation and for the RO in response to the points raised.

f) Meetings with herder households near the mine

ESD specialists visited the mine site, during which ESD’s social specialist met with a number of herder households. Unfortunately, this visit coincided with an auspicious time for setting up their winter camps which reduced the number of households available for discussions on this day.

One herder household indicated that they had been part of the Undai River diversion consultation process. They had about 100 herd animals but found it difficult to find time to herd because of their employment (the wife of the couple had been provided with part time employment as part of the compensation package, while the husband was already employed by the project in the transport department). The key issue for them was water availability and well restoration. The herder said that they used to use the summer pasture near the Bor Ovoo Spring and that the Undai depended on rainfall. During the summer of 2012, they used the new temporary water supply consisting of a cistern filled by water trucks, and while there wasn’t always enough water, they felt that OT was quite responsive, sending water trucks more frequently when requested. They were the only family using this temporary well, but there were more families using the Bor Ovoo before it was fenced off (up to 10 families depending on the year).

In terms of disclosure of information, the OT community liaison officers had come twice and showed them a video about the Undai river diversion, so they felt that he had received adequate information and that the consultation process had been appropriate.

g) Meeting with Javkhant Bagh Governor

EBRD met with the Governor to discuss a range of issues. He was closely involved in the Compensation Working Group, which he believed was instrumental in facilitating the negotiation process and mediating any disputes related to eligibility and entitlements (and sited

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1 The Compensation Working Group was established in early 2011 and played a key role in developing the entitlement matrix for the economically displaced households, as well as in negotiating the nature and levels of compensation offered to PAPs for different levels of impacts. It comprised representatives from the soum and bagh governments, as well as impacted herder households and OT’s community team. The herder representatives were selected by the impacted herders in their impact areas.
examples where compensation was increased). However, he recognised the ongoing challenges associated with the wider pastureland management, which he expects OT to be involved. In terms of impacts generally, he believed that the community had the opportunity to understand and participate in the information and communication process, but that efforts need to be ongoing.

### 3. Meeting with NGO’s in London

On January 9 2013, representatives from EBRD and OT met with a number of NGO groups who had co-authored ‘A Useless Sham’ (see further details in Annex A). This meeting lasted 4 hours and was held in EBRD’s Headquarters. The NGO representatives at the meeting included RaidUK, London Mining Network, OT Watch, Bankwatch Network, BIC, Accountability Counsel and Earthlink. The main topics raised by the NGO were related to:

- Undai River Diversion
- Tailings design and impact management
- Block caving and associated subsidence risks
- Herders relocation
- Cumulative impacts and power sources
- Community health

The EBRD team felt that the outcome of the meeting was positive. EBRD and OT provided feedback on the issues raised by the NGOs and were able to clarify technical issues or highlight where additional information was available in the ESIA documentation. There was acknowledgement that a number of challenges remained but that the Bank and OT were committed to ensuring that environmental and social issues continued to be managed during operation. EBRD were also able to clarify how changes to the project documents (eg management plans) would be managed under the loan agreement. No feedback has been received from the NGO group after the meeting however, and it is therefore not possible to provide an NGO perspective on the outcomes of this meeting.