

**REPORT ON ACTIVITIES OF THE REPRESENTATIVES OF KHANBOGD
SOUM HERDERS AND OYU TOLGOI COMPANY
BETWEEN 1 JULY 2014 AND 1 JULY 2015
BEFORE THE ESTABLISHMENT OF TRIPARTITE COUNCIL**

Summary of activities in 2013 -2015

The first Compliant was made by the local nomadic herders who live and earn their livelihood in the area near to project location with the support from “Oyu Tlogoi Watch” (national) NGO and “Gobi-Soil” (local) NGO in October 2012.

The second Compliant was submitted to the Office of the Compliance Advisor Ombudsman (CAO) by 7 local herders with the help from OT Watch and Gobi-Soil NGOs concerning the impacts of the Undai river diversion project of Oyu Tolgoi company in February 2013.

Since July 2013, the herders representatives appointed at the bagh meeting of four baghs of Khanbogd soum started negotiations with OT company representatives to address the compliant issues and the following is the report of the activities taken until the establishment of Tripartite Council consisting of the representatives from Khanbogd soum government, herders and OT company by signing of the Memorandum of Understanding.

Herders and OT company representatives are doing their best for mutual understanding and cooperation. The operation of the Council has been mediated and facilitated by the Compliance Advisor Ombudsman (CAO).

The main activities carried out:

A. Concerning organizational issues

- Information sharing meetings between representatives of Herders and OT company took place in March and April 2013 respectively.
- Between July 2013 and 8 June 2015, 16 negotiations took place involving representatives of herders and OT company concerning the resolution of the issues of 2 complaints filed with Complaint Advisor Ombudsman (CAO).

B. Concerning the engagement of Independent Experts Panel

- Together with OT company, developed the Terms of Reference and selected the Independent Experts Panel (IEP) to conduct an assessment on impacts on water and pasture caused by Undai river diversion; IEP worked in Khanbogd soum and made the 1st Phase report with recommendations.
- Tripartite Council is planning to continue to implement these recommendations now.

C. Concerning the development of Terms of Reference for the Multidisciplinary Team

- Together with OT company, developed and finalized the Terms of Reference for Multidisciplinary Team to conduct an assessment to help resolve formal complaints lodged with the Office of Compliance Advisor Ombudsman (CAO) and challenging issues caused by negative impacts of Oyu Tolgoi project operation and it is also intended to provide an baseline information to track future changes after the report is presented.

F. Concerning the resolution of complaint issues

- In the past, upon herders requests, Herders representatives visited OT mining site 8 times to get familiarized with the mining operation and disseminated relevant information to the herders.
- A protocol on water supply from OT mining site to herders of Khanbogd soum during the times of water scarcity faced by the herders residing in close proximity to the Oyu Tolgoi company mining site has been adopted and is being implemented.
- A protocol on temporary livestock grazing has been adopted and is being implemented in order to temporarily allow livestock grazing on certain areas within the Oyu Tolgoi company mining fenced site.
- As demanded by the herders' representatives, OT company officially expressed its apology to local herders on 20 March 2015 in relation to Undai river diversion.
- When determining the new location for Bor Ovoo Spring, the agreement was made based on the local herders' opinion.
- In order to mitigate the road dust issue, temporary dirt road from the north gate of OT mine site till the coal road has been upgraded to improved gravel road.
- It is agreed with OT company representatives to develop a sustainable livelihood plan for each of 89 households covered by the compensation agreement.
- A Joint Statement on negotiation outcome between OT company and herders representatives is prepared on regular basis and published on OT's local newsletter to disseminate information to the local community.
- When the complaints are resolved and CAO exits, as a permanent mechanism to resolve the complaints, requests, and initiatives related to herders, pasture and water between the local government, local community and the OT company, the Tripartite Council has been established on 8 June 2015.

Herders Representatives worked since July 2013 till June 2015 representing the local herders are the following:

Javkhlant Bagh
L. Battsengel
U. Battogtokh
D. Namsrai

Gaviluud Bagh
Ts. Gunsmaa
Ts. Battogtokh

Nomgon Bagh
B. Batbaatar
B. Battumur

OT Company representatives: