

**Information on the Negotiation meetings between
Khanbogd soum Elected Herder Representatives and Oyu Tolgoi Company**

Khanbogd soum

Ikh Bulag

August 24, 2013

In October 2012, Khanbogd soum herders, Gobi Soil - a local Khanbogd-based NGO and OT Watch, a national NGO jointly filed a complaint with regard to Oyu Tolgoi company project activities, to the Office of Compliance Advisor Ombudsman (CAO), at the World Bank Group.

The complaint includes the following issues:

- 2004 resettlement agreement negative impacts and the agreement implementation is unsatisfactory
- 2011 Compensation agreement and criteria for determining impacts and compensations are inappropriate
- These two agreements could not be the proper response to stop or/and mitigate the negative impacts
 - Declining livelihoods, loss of income sources
 - Loss of livestock, decreasing livestock productivity, declining livestock health
 - Water depletion
 - Pastureland loss/deficiency, degradation (dust)
- Compensation agreed on these two agreements was not appropriately and properly implemented.
Such as:
 - Provision of job places
 - Children's school supplies support
 - Cash compensation
 - Protecting and monitoring living standards
 - Health impacts and no protection
 - Traditional lifestyle of Mongolian nomads under threats
 - New business skills, vocational skill training
 - Gunii hooloi
 - Airport impacts
 - Noncompliance of national and international legal principles
- Protested Undai river diversion

CAO reviewed and assessed the complaint and appointed its mediation team to work on this case. The mediation team came to Khanbogd soum, met with NGOs, local herders, local government officials and OT LLC staff representatives and organized 4 joint meetings for information sharing and negotiation involving Khanbogd soum herders, Gobi Soil and OT Watch NGOs, OT LLC and observers. "Elected Herders Team" (EHT) representing the local herders were elected from each Bagh and are participating in above mentioned joint meetings.

As a result of these meetings, OT LLC accepted the EHT's request and agreed to provide required information, organize thematic meetings and provide access opportunities to visit project sites etc. Such as:

Oyu Tolgoi LLC to provide information:

- Jointly measured water level of boreholes located outside and inside the OT Mining Lease Area
- OT organized meeting with researcher Purevdorj and other international researchers who have carried out water quality studies near Gunii Khooloi and OT site with the purpose of providing information
- Environment Department of OT LLC provided information on Water Course Studies
- Botanist, Sanjid and EHT Byambadorj jointly carried out pastureland plant studies around Gunii Khooloi
- Provided the permission and work plan given by the Minister of Green Development to fix and close the leaking boreholes

- Organized meeting with engineers who are working on Undai River partial diversion project with the purpose of providing information
- Introduced the engineering drawing of the Undai River partial diversion project
- Provided Undai River project information and shared the names of herders whom OT consulted with on Undai River and their opinions with EHT
- Provided detailed information on the mining water use and consumption
- Provided information on KB-OT road feasibility study

EHT completed the following:

- Inform herders and gather comments on the activities carried out representing the herder households, which have complaints
- Sent request to OT LLC on 5.4 of 2011 Compensation Agreement and received the response
- Prepared detailed information on the households that have complaints on 2004/2011 agreements and gave to the mediation team
- Visited to OT-GS road to see the livestock and wild animal passes and culverts, and provided update on this tour to the company
- OT organized meeting to provide information on rehabilitation and ways to increase the herders' participation

Mutually agreed on the following items:

- OT expressed its willingness to organize thematic meetings on particular issue related to OT on the request of Baghs.
- Mutually agreed to engage Independent Expert Panel (IEP) that will assess the Project's impacts on three important water sources—the Undai River, the Bor Ovoo spring and the Haliv-Dugat River—and how those impacts will affect the herders' pasture, access to water and water quality. In particular, the Panel will assess whether the information and analysis provided by Oyu Tolgoi LLC regarding the impacts of the Undai River diversion, the relocation of the Bor Ovoo spring and construction and operation of the tailings storage facility and waster rock piles is correct and whether there are any alternatives, modifications or additional mitigation measures that could avoid or reduce impacts on the herders' pasture, access to water and water quality.
- Mutually agreed and finalized criteria for IEP, terms of reference and expert selection process
- OT to assist to test sick animal organs at the National Central Laboratory with the purpose of assessing dust impacts
- Mutually agreed to have access to the southern and western part of the grazing land inside the OT project site and OT to resolve water issues around that area

Next joint meeting is scheduled to be held in Khanbogd on September 5, 2013.

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