## Environmental and Social Action Plan (ESAP): Oyu Tolgoi Project

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<th>Action Plan Item</th>
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<tbody>
<tr>
<td>1</td>
<td>Biodiversity Action Plan (BAP)</td>
<td>OT LLC will implement mitigation and other measures identified in the BAP in accordance with the BAP schedule.</td>
<td>The BAP shall be implemented in accordance with the BAP schedule.</td>
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<td>OT LLC will report to the lenders on the status of the BAP implementation.</td>
<td>Reporting to the Lenders to be annually.</td>
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<td>2</td>
<td>Power Plant Environmental and Social Impact Assessment (ESIA)</td>
<td>For a Power Plant that is part of the Project as defined by Lender Policies, OT LLC will deliver to the Independent Environmental &amp; Social Consultant (&quot;IESC &quot;) a Power Plant Environmental and Social Impact Assessment (Power Plant ESIA), in accordance with the timeframes mandated by the Investment Agreement. This Power Plant ESIA will be prepared in accordance with Applicable Lender Environmental and Social Standards and applicable Environmental and Social Laws¹. The IESC will confirm to OT LLC when it is satisfied that the Power Plant ESIA is consistent in all material respects with Applicable Lender Environmental and Social Standards². OT LLC will publically disclose the Power Plant ESIA documents as approved in accordance with Applicable Lender Environmental and Social Standards OT LLC will also use its influence to seek to (i) procure delivery to the Independent Environmental &amp; Social Consultant (&quot;IESC &quot;) an Environmental and Social Impact Assessment (&quot;Transmission Line ESIA&quot;) for any transmission line proposed between a third party power plant and the OT mine site, and (ii) require that such Transmission Line ESIA will be prepared in accordance with Applicable Lender Environmental and Social Standards and applicable Environmental and Social Laws³, in each case, provided that such transmission line is an associated facility. The IESC will confirm to OT LLC whether it is OT must ensure that there is a minimum of 60 days of public disclosure, of and consultation on the Power Plant ESIs, as approved by the IESC, prior to the commencement of construction activity at sites identified in the Power Plant ESIA OT will use its influence to seek to ensure that there is a minimum of 60 days of public disclosure of, and consultation on, the Transmission Line ESIA and Third Party Power Plant ESIA prior to the commencement of construction activity at sites identified in the Transmission Line ESIA and Third Party Power Plant ESIA respectively.</td>
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¹ Applicable “Environmental and Social Laws” to be defined by reference to list of laws specified in the Power Plant ESIA as in effect at the date of the Power Plant ESIA.

² For this purpose, Applicable Lender Environmental and Social Standards” to be defined by reference to agreed lists of relevant performance standards specified in the Power Plant ESIA as in effect at the date of the Power Plant ESIA.

³ Applicable “Environmental and Social Laws” to be defined by reference to list of laws specified in the Transmission Line ESIA as in effect at the date of the Transmission Line ESIA.
### Pastureland Livelihood and Improvement Strategy & Management Plan

OT LLC shall deliver to the IESC a Pastureland Livelihood and Improvement Strategy in accordance with Applicable Lender Environmental and Social Standards. The Pastureland Livelihood and Improvement Strategy is expected to: (i) include Key Performance Indicators for monitoring effectiveness of implementation, (ii) be developed in consultation with local stakeholders, community members, and the specialists involved in the design and implementation of the Biodiversity Offsets Strategy and (iii) have a design consistent with the objectives of the Biodiversity Offsets Strategy and the BAP.

The IESC will confirm to OT LLC when it is satisfied that Pastureland and Livelihood Improvement Strategy is consistent in all material respects with Applicable Lender Environmental and Social Standards.

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1. Applicable Lender Environmental and Social Standards” to be defined by reference to agreed lists of relevant performance standards specified in the Transmission Line ESIA as in effect at the date of the Transmission Line ESIA.
2. “Environmental and Social Laws” to be defined by reference to list of laws specified in the Third Party Power Plant ESIA as in effect at the date of the Third Party Power Plant ESIA.
3. “Applicable Lender Environmental and Social Standards” to be defined by reference to agreed lists of relevant performance standards specified in the Third Party Power Plant ESIA as in effect at the date of the Third Party Power Plant ESIA.
**Environmental and Social Action Plan**

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<td>Based on OT’s Pastureland Livelihood and Improvement Strategy, OT LLC shall deliver to the IESC a Pastureland Livelihood and Improvement Plan in accordance with Applicable Lender Environmental and Social Standards. The Pastureland Livelihood and Improvement Plan will be a fully detailed management plan that (i) incorporates all relevant aspects of the updated Resettlement Action Plan, (ii) incorporates all relevant aspects of the Biodiversity Offset Management Plan(s), (iii) is integrated into the Monitoring and Evaluation Program for critical ecosystem services and for Livelihood Improvement Program, (iv) employs an integrated implementation and monitoring approach across the OT LLC environment and social teams.</td>
<td>A draft plan will be submitted in Q3 2016</td>
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8 **Concentrator Expansion Reports**

OT LLC will deliver to the IESC a Concentrator Expansion Report for any concentrator expansion (which, for the avoidance of doubt, does not include an expansion (i) achieved through efficiency and/or optimization measures, and/or (ii) envisaged by OT LLC and the Lenders to form part of the completion facilities) for nominal production rates above 100,000 tonnes per day (tpd) and any material expansion thereafter for review and disclosure (if required) in accordance with Applicable Lender Environmental and Social Standards. The Concentrator Expansion Report will provide details on planned measures to mitigate impacts associated with this expansion and document that OT LLC has:

- maximized practicable opportunities for water recovery (e.g., from the tailings storage facility) and water reuse so as to minimize the additional groundwater withdrawals associated with this expansion;
- performed necessary hydrogeological studies to confirm the availability of any additional water supplies required in connection with the expansion and that the extraction of this additional water will not have adverse effects on any other users of such additional water (e.g., biodiversity, herders), after taking into account the implementation of any mitigation measures;
- either obtained the necessary permits/approvals from the Government of Mongolia for any such required additional groundwater or submitted applications for such permits/approvals;
- evaluated biodiversity and social impacts associated with increased vehicular traffic associated with the expansion; and
- evaluated the cumulative effects associated with the expansion..

OT LLC shall deliver a Concentrator Expansion Report and obtain the required IESC confirmation at least 60 days prior to the commencement of related concentrator construction activities at sites identified in the Concentrator Expansion Report.
## Environmental and Social Action Plan

**Effective Date:** 2015.11.17 | **Document Number:** OT-10-PLN-0004 | **Version:** 2.0

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<td>The IESC will confirm that it is satisfied that each Concentrator Expansion Report is consistent in all material respects with Applicable Lender Environmental and Social Standards. A Concentrator Report may involve, where applicable, revisions to relevant Environmental and Social Management Plans.</td>
<td>Ongoing</td>
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| 9   | Independent Environmental and Social Monitoring Program | OT LLC will develop a 3rd party Independent Environmental and Social Monitoring Program, and submit a Terms of Reference to be approved by the Lenders. 

*The Lenders will confirm that they are satisfied that the Independent Environmental and Social and Monitoring Program is consistent in all material respects with Applicable Lender Environmental and Social Standards.*

The Terms of Reference require the IESC to conduct regular monitoring visits at the cost of OT LLC and prepare monitoring reports with executive summary and non-conformances for public disclosure (after review and comment by the Lenders and OT LLC). Such monitoring will include the implementation of the ESMPs and ESAP. | Action in italics COMPLETE |
| 10  | Environmental and Social Reports | OT LLC will prepare and submit to Lenders annual Environmental and Social Reports in an agreed form to include a report on the implementation of the ESMPs and ESAP. | Annually |
| 14  | Additional infrastructure development (e.g. housing, industrial estate) | For additional infrastructure projects that OT LLC finances and/or manages, OT LLC will ensure compliance with the requirements agreed with its Lenders, including in respect of the Applicable Lender Environmental and Social Standards. This includes, if required, completion of the appropriate environmental and social impact assessment.

In respect of projects that receive financing from OT LLC through the Cooperation Agreement, OT LLC will seek to ensure that such projects consider HSEC risks in a manner aligned with the applicable legal requirements and OT LLC’s HSEC requirements, in each case commensurate to the scale and nature of the relevant project. Through its rights under the Cooperation Agreement, OT will take appropriate and proportionate measures to monitor the compliance of such projects with the applicable legal requirements and OT LLC’s HSEC requirements. | OT must ensure, for any infrastructure developments that OT LLC finances or manages, that there is a minimum of 60 days of public disclosure of any ESIA (as approved by the IESC) for a development required under this item prior to the commencement of construction activity, provided that such development has not already been the subject of another ESIA produced in accordance with the Applicable Lender Environmental and Social Standards. |
**Operations Phase Environmental and Social Management Plans (OESMPs)**

OT LLC will deliver to the IESC the OESMPs for review in accordance with Applicable Lender Environmental and Social Standards\(^7\). The IESC will confirm to OT LLC when it is satisfied that the OESMPs are consistent in all material respects with Applicable Lender Environmental and Social Standards.

The OESMPs will address the following issues:

- Air Quality Management (including Greenhouse Gas Emission Management);
- Noise & Vibration Management;
- Topsoil Management;
- Petroleum & Fuels Management;
- Biodiversity Management;
- Water Resources Management;
- Waste Management;
- Waste Rock Management;
- Tailings Management;
- Transport Management;
- Hazardous Materials Management;
- Emergency Response;
- Occupational Health and Safety;
- Cultural Heritage Management;
- Stakeholder Engagement;
- Resettlement Action;
- Influx Management;
- Labour Management;
- Community Health, Safety & Security Management; and
- Mine Closure Management.

\(^7\) “Applicable Lender Environmental and Social Standards” to be defined by reference to agreed lists of relevant performance standards specified in the Project ESIA as in effect at the date of the Project ESIA. 

\(^7\) Applicable “Environmental and Social Laws” to be defined by reference to list of laws specified in the Industrial Estate ESIA as in effect at the date of the Industrial Estate ESIA.
# Environmental and Social Action Plan

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| 4   | Mine Closure Plan      | OT LLC will deliver to the IESC a Mine Closure Plan prepared in accordance with Applicable Lender Environmental and Social Standards.  

The IESC will confirm to OT LLC when it is satisfied that Mine Closure Plan is consistent in all material respects with Applicable Lender Environmental and Social Standards.

Future updates will be in accordance with the mandated schedule for updates required under Mongolian Regulations, at that time any changes will also be aligned with the OESMPs.                                                                 | COMPLETE                           |
| 5   | Worker Housing Development | OT LLC will develop the Khanbogd water supply. OT LLC will undertake consultation and other appropriate engagement with local stakeholders on the proposed water supply, in accordance with Applicable Lender Environmental and Social Standards, when information is available from water resource assessment studies. Based on this work, OT LLC will deliver to the IESC a draft report on the options for the water supply.  

OT LLC will deliver to the IESC a Worker Housing Development ESIA prepared in accordance with Applicable Lender Environmental and Social Standards and applicable Environmental and Social Laws, including the approval of any site agreed with GOM for review and approval by the Lenders.  

The Worker Housing Development ESIA will provide details on planned measures to mitigate impacts to biodiversity and ecosystem services (e.g., herder wells) associated with water supply and worker housing development for the community of Khanbogd.  

The IESC will confirm to OT LLC when it is satisfied that Worker Housing Development ESIA is consistent in all material respects with Applicable Lender Environmental and Social Standards  

OT LLC will publically disclose the Worker Housing Development ESIA as approved in accordance with Applicable Lender Environmental and Social Standards.                                                                 | SUPERCEDED BY ITEM 14. The original development strategy as outlined has been modified. OT currently have no plans to develop worker housing outside the site. OT expect that there will be continued growth in the area but that this will be demand driven with OT engaged as a stakeholder. |
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| 6   | **Industrial Estate** | OT LLC will deliver to the IESC an Industrial Estate ESIA prepared in accordance with Applicable Lender Environmental and Social Standards and applicable Environmental and Social Laws, for review and approval by the Lenders. The ESIA will provide details on planned measures to mitigate impacts to biodiversity and ecosystem services associated with industrial estate development.  

*The IESC will confirm to OT LLC when it is satisfied that Industrial Estate ESIA is consistent in all material respects with Applicable Lender Environmental and Social Standards.*  

*OT LLC will publically disclose the Industrial Estate ESIA as approved in accordance with Applicable Lender Environmental and Social Standards.* | SUPERCEDED BY ITEM 14.  

The original development strategy as outlined has been modified.  
OT currently have no plans to develop an Industrial Estate. OT expect that there will be continued growth in the area but that this will be demand driven with OT engaged as a stakeholder. |
| 11  | **Transmission line from Oyu Tolgoi to Khanbogd soum centre** | OT LLC will deliver to the IESC an environment and social appraisal for the Transmission line from Oyu Tolgoi to Khanbogd soum centre (Transmission Line Appraisal). The IESC will confirm whether it is satisfied that the Transmission Line Appraisal is consistent in all material respects with Applicable Lender Environmental and Social Standards.  

*OT LLC will publically disclose the Transmission Line Appraisal as approved.* | COMPLETE |
| 12  | **Oyu Tolgoi - GSK Road diversion** | OT LLC will deliver to the IESC an environment and social appraisal for the Tsagaan Khad - GSK Road diversion. The IESC will confirm whether it is satisfied that the Appraisal is consistent in all material respects with Applicable Lender Environmental and Social Standards.  

*OT LLC will publically disclose and consult the Appraisal as approved.* | COMPLETE |
| 13  | **Update of Resettlement** | OT LLC shall deliver to the IESC an updated Resettlement Action Plan (RAP) | COMPLETE |

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9 Applicable “Environmental and Social Laws” to be defined by reference to list of laws specified in the Industrial Estate ESIA as in effect at the date of the Industrial Estate ESIA.
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<td>Action Plan (RAP)</td>
<td>taking into consideration:</td>
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<td>- Latest information on the project and its impacts;</td>
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<td>- The updated compensation procedure;</td>
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<td>- Pastureland and Livelihood Improvement Strategy;</td>
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<td>- Outcomes of stakeholder engagement activities, including CAO process (if available and relevant);</td>
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<td>- Cooperation Agreement (if available and relevant);</td>
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<td>- Various planned socio-economic assessments and an audit of the compensation program to be completed in 2014.</td>
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The IESC will confirm whether the updated RAP is consistent in all material respects with Applicable Lender Environmental and Social Standards.

OT LLC will publically disclose the updated RAP as approved.