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## MEMORANDUM OF UNDERSTANDING FOR IMPLEMENTING VOLUNTARY CODE OF PRACTICE ON RESPONSIBLE MINING

20 June 2019

No

Ulaanbaatar city

### One. General provisions

This Memorandum of Understanding (MOU) is concluded between:

Minister for Mining and Heavy Industry  
Mongolian National Mining Association  
"Aspire Mining" LLC,

with the aim to implement Voluntary Code of Practice on responsible mining in Mongolian mining sector.

### Two. Objective

2.1 The objective of this MOU is to promote, introduce and pursue good standards of responsible mining in Mongolian mining sector and cooperate towards sustainable development of the sector.

### Three. Rights and Obligations of the Parties

3.1 The Voluntary Code of Practice on responsible mining will consist of following 5 sets of goals.

1. Company's high standard governance and transparency
  - 1.1 To disclose annual operation report to the public
  - 1.2 To have disclosure on conditions of a concession agreement, sustainability, and investment made with the Government and its entitled representative organizations.
  - 1.3 To disclose information in regards with Board of Directors, members of executive management team and company's ownership.
  - 1.4 To have abundant system for complaints submission and its settlement.
  - 1.5 To have an anti-corruption policy and to approve and implement its implementation plan annually.
2. Labour Relations and human rights
  - 2.1 To conduct human rights impact assessment and to implement a policy which provides gender equality based on the result of the assessment.
  - 2.2 To have sustainable work position policy and provide advantage to the local residents for employment.
  - 2.3 To conclude an agreement with trade union and present its report of the implementation to staffs.
  - 2.4 To implement a policy against discrimination, unfair salary and workplace sexual harassment.
  - 2.5 To have occupational ethics regulation and to organize enlightenment activity (training).

3. Occupational safety and Health
  - 3.1 Company to have integrated Occupational safety and health regulations, procedures and risk assessment for mitigating risks and to have implementation plan for them.
  - 3.2 To develop and implement control and monitoring procedure for identifying Occupational safety, health and environmental risks.
  - 3.3 To have OSH supernumerary council consisted of employee and employer and to work by focusing on solving urgent issues.
  - 3.4 To identify required needs of skills, knowledge and training for staffs and to conduct training, promotion and discussion to eliminate dangerous and harmful conditions that can cause damage to staffs' health and ability to work.
  - 3.5 To reflect required funds and activities for providing Occupational safety and health conditions in the annual budget, plan, cooperation agreements and present a report which showed they used as specified.
4. Environmental protection
  - 4.1 To identify all types of impacts with environmental impact assessment and develop and implement environmental protection plan and environmental monitoring plan to avoid, mitigate, rehabilitate and prevent from impacts.
  - 4.2 To implement joint water monitoring program which respected local residents' tradition and to have transparency on an information about water well level and quality in the water monitoring report.
  - 4.3 To prevent from contaminating surface water, ground water and soil with hazardous materials, mineral and non-mineral wastes.
  - 4.4 To be able to take impact mitigation measures for biological diversity identified in the detailed environmental impact assessment which are vulnerable for noise and vibration of a mine operation.
  - 4.5 To measure the air quality near pollution source and below the wind and to compare the result with standard air quality measurement.
  - 4.6 To have and implement performance parameter for reducing power consumption.
  - 4.7 To identify biological diversity which will have direct and indirect impact from mining activities and to take risk mitigation measures.
  - 4.8 To work by seeking opportunity to reduce and reuse domestic waste.
  - 4.9 To plan implementable goal for reducing greenhouse gas emission and to report the result.
  - 4.10 To have plan for mine closure and preliminary unplanned mine closure and annually accumulate required budget in the mine closure and reclamation fund.
5. Local development and public participation s
  - 5.1 To participate with having initiative for establishing structure with a council which have regular activity for providing multilateral participation and work to support it.
  - 5.2 To have cooperation agreement based on local citizens interests, needs and local development strategy with the community and to evaluate and monitor it annually and to have transparency in the report.
  - 5.3 To have policy and plan for promoting and supporting initiatives and procurements of local businesses.
  - 5.4 To implement a policy for enhancing economic capacity of local women.
  - 5.5 To implement a policy for providing equal opportunity for local children and young adults to develop and learn within the social responsibility.



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### 3.2 The Parties (entities) agreed to:

3.2.1 Endeavor to implement the Code of Practice goals and reflect in the operation policy and strategy;

3.2.2 Exchange experience and information of the implementation process and openly cooperate to disseminate good experiences in the sector.

3.2.3 Voluntarily report the implementation process annually and have Mongolian National Mining Association to monitor the report.

### **Four. Miscellaneous**

4.1 The Memorandum shall be effective upon the signature of the Parties and is concluded in 3 copies with equal force.

4.2 This MOU is concluded with term of three years until 19 June 2022.

4.3 Changes and amendments to this MOU shall be decided with mutual discussion and it will be approved with written form and shall be considered as effective with entitled representatives' signatures of the two parties.

4.4 Any issues, disputes and misunderstandings in relation to works being executed under this MOU shall be settled by discussion principle through cooperation, mutual understanding and trust

### **THE MOU IS CONCLUDED BY:**

Minister for Mining and Heavy Industry, Sumiyabazar.D

President of Mongolian National Mining Association, Gantumur.T

Director of "Aspire Mining" LLC, Z.Gan-Ochir