



# SUSTAINABILITY REPORT

January – June 2021

# CONTENTS

<b>LIST OF PICTURES .....</b>	<b>2</b>
<b>TABLE .....</b>	<b>2</b>
<b>ABOUT THE REPORT .....</b>	<b>3</b>
<b>WHO WE ARE .....</b>	<b>4</b>
<b>SUSTAINABILITY STRATEGY.....</b>	<b>5</b>
<b>SUSTAINABILITY IN BUSINESS.....</b>	<b>6</b>
<b>COMMUNITY AND STAKEHOLDER ENGAGEMENT.....</b>	<b>7</b>
<b>BASELINE STUDY OF TSETSERLEG SOUM IN BRIEF .....</b>	<b>8</b>
<b>SUSTAINABLE ECONOMY .....</b>	<b>10</b>
Green Fodder Production .....	10
<b>SUSTAINABLE ENVIRONMENT .....</b>	<b>11</b>
International Forest Day .....	11
Sponsorship of a Student Research Conference at NUM.....	12
Social Media Campaign to raise awareness of Mongolia's Forests.....	14
Art Competition titled, "I am a Forest" among High School and Middle school students .....	15
Sponsorship of Delgermurun Forest Authority Activity.....	15
<b>SUSTAINABLE EMPLOYMENT .....</b>	<b>16</b>
Incorporation into UN "Protect, Respect and Remedy" Human Rights Framework .....	16
Sustainability Team Training .....	17
Observation and recognition of UN World Days .....	18
<b>DONATION AND PARTNERSHIPS .....</b>	<b>19</b>
English Language Book Donation to Tsetserleg Community School.....	19
Medical Donation to the Tsetserleg Community for COVID-19 Relief.....	21
Mobile Cardiac Clinic for the Community .....	22
Partnership with Khuvsgul Boxing Club.....	23
<b>UPCOMING SUSTAINABILITY ACTIVITIES .....</b>	<b>24</b>
Road and Traffic Safety Campaign.....	24
Recycling at the Office .....	24

### LIST OF PICTURES

Picture 1: Sustainable Development Goals

Picture 2: Green Fodder Plantation

Picture 3: Fodder land located East of the camp

Picture 4: A Certificate of Gratitude being awarded to the company representative

Picture 5: A poster titled, Trees provide for water and water provide for life

Picture 6: A poster used in the Forest campaign

Picture 7: Award ceremony of the Art Competition titled, "If I was a Forest".

Picture 8: Advertisement for Delgermurun Forest Authority of Khuvsgul aimag

Picture 9: Human Rights and Business Guiding Principles seminar

Picture 10: Online training for Tsetserleg Information officers on SDGs

Picture 11: Donated English Language books

Picture 12: "Books in a Box" donated by the Australian Embassy

Picture 13: Books donated to the Information Center in Tsetserleg

Picture 14: The company handed over donation in full protective gear due to strict lockdown

Picture 15: Mobile Cardiac Clinic for the Tsetserleg and Tsagaan-Uul communities of Khuvsgul aimag

Picture 16: Boxing coach accepting the donation

Picture 17: Recycling bins to be placed in UB office building by company initiative

### TABLE

Table 1: Tsetserleg soum development index

## ABOUT THE REPORT

This report summarizes Sustainability initiatives and activities carried out by Khurgataikhaikhan LLC in the first half of the 2021 calendar.

Our company adheres to the UN Sustainable Development Goals, national and company sustainable development strategies, outlined in this report.

In this reporting period, the company implemented programs in the field of fodder production, health, education, environmental protection and more for the community.

If there are any questions or comments about the report, please feel free to contact us at [info@khurgataikhaikhan.mn](mailto:info@khurgataikhaikhan.mn)



## WHO WE ARE

“Khurgatai Khairkhan” LLC is a national company, a subsidiary company of Aspire Mining that implements sustainable development projects in Khuvsgul aimag and is beneficial and environmentally friendly to the community.

Our company contributes to the local social, economic and environmental protection and is a champion of sustainable development of the community.

*“Environmentally friendly and beneficial to the community”.*

## SUSTAINABILITY STRATEGY

Our company conducts business in accordance with internationally accepted standards in an environmentally friendly manner and implement activities that will benefit the future generation of the local community, while also diversifying and contributing to the economy. Our sustainable development strategy and programs are in harmony with the following strategic documents that are enforced in Mongolia.

- UN Sustainable Development Goals (SDGs) 2030
- Mongolia Sustainable Development Principles 2030 and Vision 2050
- Company Sustainable Development Strategy 2020



Picture 1: Sustainable Development Goals

### SUSTAINABILITY IN BUSINESS

The company is proud to be implementing SDGs to assure sustainability in our business.

We are committed to being a trusted, valued and respected company renowned for introducing and adhering to world class standards across all facets of operation. Our commitments include economic development, education, protecting the environment, health and professional development of our employees, covering all three pillars of sustainability.

In order to assure sustainability in the business and the community, we are committed to implementing the Company Sustainable development programs.

Our Sustainable development programs comprises of the below five elements:

- To become a champion company for advocating SDGs;
- To focus our positive impact on our communities, including host community;
- To build strong relationships and trust with the communities, including host community;
- To create and share values;
- To measure our actions and impacts

Prior to developing our Sustainable development programs, the company conducted scoping meetings in addition to carrying out a meticulous study of Tsetserleg soum.

## COMMUNITY AND STAKEHOLDER ENGAGEMENT

The Tsetserleg soum community and other stakeholders of the Ovoot project were regularly consulted during on-going scoping meetings, carried out by the Community Relations (CR) Team. The CR Team provided all necessary information such as description of the project, rationale and obtained feedback from the community in defined issues such as the project's benefit to the community, dust and negative impact of the project to the Tes River flow.

The Community and stakeholders concern about the environmental, economic and social matters are identified below in relation to rise of significant amount of dust, negative impact of the project to the Tes River flow and benefit of the project.

The CR Team reciprocated the community's concerns with solutions.

	Concerns	Solutions
<b>Rise of dust</b>	<ul style="list-style-type: none"><li>• Dust from mining operations will affect pastures and rivers</li><li>• Large amounts of dust will arise from coal transportation</li></ul>	<ul style="list-style-type: none"><li>• Proposed a dump soil system so to extract dust from mining</li><li>• Transportation of the mine will begin with the commissioning of the Ovoot-Murun paved road</li><li>• To use dust extraction binders on mining internal road</li></ul>
<b>Negative impact to the Tes River Flow</b>	<ul style="list-style-type: none"><li>• The Tess River will dry up as the mine begins to operate</li><li>• The river flow will change</li></ul>	<ul style="list-style-type: none"><li>• Accurate information about the mine site was provided to the public</li><li>• 529.23 hectares of licensed land near the Tes riverbed of was returned to the local Government</li></ul>
<b>Benefit to the Community</b>	<ul style="list-style-type: none"><li>• Natural riches will be dug up. The local community will be left empty handed.</li><li>• Requests to supply meat and milk for the project</li><li>• Requests to hire local people</li></ul>	<ul style="list-style-type: none"><li>• The company has included as a Company's obligation to the Community Development agreement to hire over 50% of the employees from local community.</li><li>• Procurement based support to local community (to try to increase purchase of the products and services from local community).</li></ul>



## BASELINE STUDY OF TSETSERLEG SOUM IN BRIEF

The company conducted a baseline study of Tsetserleg soum in 2020. The

According to the Local Development Index issued by the National Development Agency, the soum is close to the national average and the aimag average, and in some respects higher, but needs to focus on education, the economy, and infrastructure.

The below table summarizes Tsetserleg soum's development in comparison to aimag and country averages.

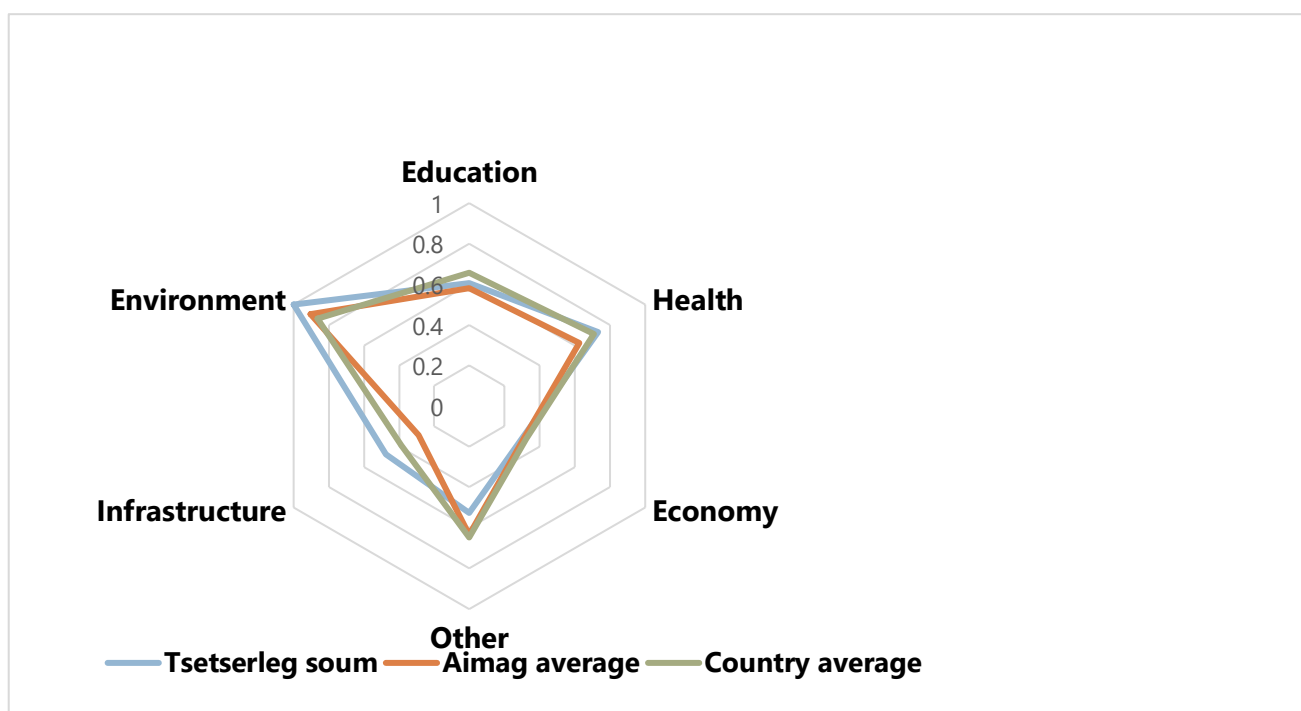


Table 1: Tsetserleg soum development index

Although the Mogoin Gol coal mine in Tsetserleg soum contributes to the soum's economy, the agricultural sector continues to play a major role in the soum's economy. In order to ensure the sustainable development of the agricultural sector, it is necessary to improve livestock productivity and yields, as well as to take comprehensive measures to improve livestock health, feed and economic turnover of livestock products.

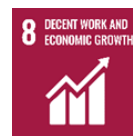
The company, through the Local Development Fund, will establish a green fodder production, meat and milk processing plant in Tsetserleg soum, which will improve livestock productivity and improve the economic turnover of livestock products.



Picture 2: Green Fodder Plantation

## OUR SUSTAINABILITY PROGRAMS FOR THE COMMUNITY

### SUSTAINABLE ECONOMY



#### Green Fodder Production

Green fodder plays a critical role in agriculture and the economy. In addition to providing potential food and raw materials the livestock, it provides employment opportunities in the community.

As a preparation to support healthy livestock and to directly support the production of dairy and meat plants our company is producing green fodder in Tsetserleg soum of Khuvsgul aimag within the framework of the forthcoming Cooperation Agreement with Tsetserleg soum. Green fodder production is very important for raising livestock animals, as it plays a major role in feed of the animals. Green fodder provides required nutrients for milk production and health of the dairy animals.

Total of 200 hectares of land is being prepared for green fodder plantation and production. Special attention is paid to the cultivation of green fodder, as the sustainable development of the livestock sector depends on the proper supply of nutrients to livestock. As a result, the fodder mill will be the basis for the successful establishment of a dairy and meat plant and will meet local needs with relatively inexpensive feed.

The below activities were carried out in preparation of the fodder production step-by-step:

- Purchase and cultivation of 40 tons of grain
- The 200-hectare site is a former farmland – located at the East of our camp
- Electric fencing and protection of the plantation
- A power generator necessary for energy will use solar system
- Hay and fodder moving and packing activities are planned in early September
- The harvest will be sold at cost and some will be given to soum emergency fund



Picture 3: Fodder land located East of the camp



- Distribution will be finalized at bag meeting

## SUSTAINABLE ENVIRONMENT

### International Forest Day



The company recognized and celebrated the United Nation's International Day of Forests in March 2021. The restoration and sustainable management of forests help address the climate-change and biodiversity crises. Within the scope of the International Day of the Forest, the company completed multiple activities in partnership with Creative Motion LLC, to raise awareness of the importance of forests and with scholars, scientists of the National University of Mongolia (NUM).

The below activities were carried out:

- Sponsorship of a Student Research at NUM
- Social Media Campaign to raise awareness of Mongolia's Forests
- Art Competition titled, "I am a Forest" among High School and Middle school students
- Sponsorship of Delgermurun Forest Authority Forest Day activity



### Sponsorship of a Student Research Conference at NUM

In support of the International Day of Remembrance on March 21 a Student Research Conference on “Evening Buds” was organized by NUM School of Forestry under the 5th Annual Conference of Forestry organized under the auspices of the Ministry of Environment of Mongolia.

An e-conference was organized under the motto "Reforestation is the basis of a healthy and sustainable life" online. During this conference, the best presentations were selected to support the research work of students studying forestry. The research work of about 20 bachelor's and master's degree students majoring in forestry at Mongolian universities such as NUM, the Mongolian University of Science and Technology, and the International University of Mongolia. Judges comprised of University Professors, PhD candidates in Forestry and the company's Environmental Officers selected the top research papers and awarded the students.

NUM expressed their sincere gratitude to the company representative and awarded the company a certificate of gratitude.



Picture 4: A Certificate of Gratitude being awarded to the company representative

# МОН

ДАГАЖ УС



УС ДАГАЖ

# АМЬДРАЛ

ОЛОН УЛСЫН  
ОЙ  
МОННЫ  
ӨДӨР 03/21  
УНШСАН ДАГАЖ  
УНШСАН 2017

ЗОХИОН БАЙГУУЛАГЧ

CREATIVE  
CREATIVE MOTION AGENCY

ЕРӨНХИЙ ИВЭЭН ТЭГТЭГЧ

ХҮРГАТАЙ  
ХАЙРХАН

Байгальд ээлтэй  
Орон нутагт өгөөжтэй

POSTER DESIGN



Picture 5: A poster titled, Trees provide for water and water provide for life



### Social Media Campaign to raise awareness of Mongolia's Forests

In partnership with Creative Motion LLC, social marketing agency, the company developed a Facebook Page titled, International Day of the Forest. The page has 2.7k+ followers and has reached total of over 182k viewers.

On day-to-day basis, Creative Motion LLC developed highly professional posters to raise awareness of the importance of forests and warnings about destructive human behaviors towards forest. Event branding and other graphic artistic work, such as posters were developed by Creative Motions LLC to promote and disseminate information on forests.



Picture 6: A poster used in the Forest campaign

Additionally, a video featuring interviews scholars from the NUM and Academy of Science scholars and scientists was developed in two versions (long and short) on the importance of forests to increase awareness to the public.

The video was shared by many Facebook account holders, reaching 28 thousand views. 987 comments were received for the video post and significantly increased the public awareness of protecting and safeguarding the forest.

### Art Competition titled, “I am a Forest” among High School and Middle school students

A thematic visual art drawing competition titled, “If I were a Forest” was organized among high school and middle school students in Murun soum, Khuvsgul aimag.

The aim of the competition was for children to explore and learn more about forests on their own. It was a challenging experience for students to express their ideas and findings in a visual artistic manner. Prizes were awarded to students placed in 1st-3rd and special places.



A small-scale students' awards ceremony was held in Erdmiin Complex School in Murun, Khuvsgul. Information Officer or company representative Mr. Enkhbayar delivered the prizes to the students, while adhering to COVID-19 rules and regulations.

Picture 7: Award ceremony of Art Competition Titled, “If I was a Forest”

### Sponsorship of Delgermurun Forest Authority Activity

Additionally, the company also co-sponsored a toy making competition from recycled food among high school students in soum schools in the vicinity of Khuvsgul aimag Delgermurun Forest Authority Area, within the scope of the International Forest Day upon the respective Khuvsgul aimag authority's request for support.



Picture 8: Advertisement for Delgermurun Forest Authority of Khuvsgul aimag



## SUSTAINABLE EMPLOYMENT

## Incorporation into UN “Protect, Respect and Remedy” Human Rights Framework



Human Rights are the basic rights and freedoms that belong to all of our employees.

The company participated in an informational seminar co-organized by the Mongolian Chamber of Commerce and Industry, UNDP and Ministry of Foreign Affairs about the UN Human Rights and Business Guiding Principles in June 2021. The seminar disseminated information about the principles, while highlighting the corporate responsibility to respect human rights, while also delivering the below information on international business standards respectful of human rights matters.



The seminar highlighted international standards defining the roles and responsibilities of government and business in preventing and resolving human rights abuses during business and establishing effective mechanisms for restoring violated rights demonstrate the crucial role of business in social justice and development. The participants also exchanged views and discussions on business and human rights governance principles, baseline assessments and human rights issues that may arise from business activities.



Picture 9: Human Right and Business Guiding Principles seminar

The company proudly acknowledges these international standards set forward with respect to business and human rights.

## Sustainability Team Training



The company focuses on training our employees on a regular basis.

The Department of Sustainable Development will work towards educating the local staff in Tsetserleg soum and Murun on what Sustainable Development is in an international and local settings.



A training titled, “What is Sustainable Development?” was successfully delivered to Tsetserleg soum information officers on June 18, 2021. The training outlined the UN SDGs, Government SDGs-2030 and the company SDGs.

Picture 10: Online training for Tsetserleg Information officers on SDGs

## Observation and recognition of UN World Days



As of 2021, the company UB office has started observing UN World Days that are relevant to the Sustainable Development Goals (SDGs) that our company has made of significant importance in our everyday operations.

International days are occasions to educate the general public on issues of concern, to mobilize political will and resources to address global problems, and to celebrate and reinforce achievements of humanity. The company observes these days as a powerful advocacy tool to disseminate information to the company staff about Sustainable Development.



The company has observed the following UN World Days:

March 8	International Women's Day
March 21	International Day of the Forests
April 7	World Health Day
May 21	World Day for Cultural Diversity for Dialogue and Development
June 14	World Blood Donor Day

## DONATION AND PARTNERSHIPS

### English Language Book Donation to Tsetserleg Community School

The company has donated over 120 copies of Tuya's Trip and Munkhsuld's Move and 40 copies of Ura's Dream and World series, together with Mongolia Education Foundation to local Tsetserleg soum school English language classroom. The aim of the book donation initiative is to empower children with literacy, creating opportunities for higher learning, and educating local community children in English language. Books crackle with ideas and theories – they shape young people's imaginations, critical thinking skills, and their understanding of the world, and are powerful tools to combat poverty and inspire positive, long-lasting change.



Picture 11: Donated English language books

Additionally, the company together with the Embassy of Australia to Mongolia, has kindly donated 20 books for primary grades students of Tsetserleg soum school, within the scope of the Book in the Box program of the Australian Government.



Picture 12: "Books in a Box"





Lastly, the company organized a book donation campaign in the UB office, to donate books to the Tsetserleg soum office Information Center staff for recreational reading and learning.

Picture 13: Books donated to Information Center in Tsetserleg

## Medical Donation to the Tsetserleg Community for COVID-19 Relief

In the first quarter our company donated infection protection gears and other equipment to the local Tsetserleg soum hospital in support of covid-19 pandemic and prevention activities.

At this time of a massive global spread of the pandemic, the company has donated 500 pieces of essential protective clothing, disinfectants and rubber gloves worth 8 million MNT. In addition, 200 pieces of rapid tests equivalent to 5 million MNT was donated and delivered to Tsetserleg soum hospital.

The company donated much needed infection protection gears and equipment to Tsetserleg soum hospital in a speedy manner after coronavirus cases were officially confirmed on March 11, 2021.

The delivery of the items were made by company in- person. Staffs went through a demanding process of obtaining special permission slips from the National Emergency Authority of Mongolia and PCR diagnosis of COVID-19 test results.



Picture 14: The company handed over donation in full protective gear due to strict lockdown

The medical staff at the health center and hospital expressed their sincere gratitude to the company for their material and emotional support at this time of a state of emergency.

## Mobile Cardiac Clinic for the Community



Health is important for sustainable human development, both as an inalienable human right and an essential contributor to the economic growth of society. It is also a good summative measure of the progress of achieving sustainable development.

The company partnered with “The Heart will not forget”, a non-for-profit for children’s heart disease diagnosis and treatment team led by renowned cardiac surgeon Dr. Boldsaikhan Bundan within the scope of a health program for the local community.

The company built a large ger for the health team and conducted an all-day checkup session, observing Covid-19 regulations. The much-needed health program made it possible for Tsagaan-Uul and Tsetserleg soums of Khuvsgul aimag children to nearby Zavkhan aimag boarder (due to Covid-19 aimag restrictions) for a mobile check-up by Dr. Boldsaikhan and his team. This health initiative was of high demand and highly appreciated by the community, indicating the demand of specialized health professionals in the countryside. The company also donated small gifts to children who came for the check-up.

What is “**The Heart will not forget**”?

- The project was founded by renowned cardiac surgeon Dr. Boldsaikhan and Sogndo Hospital in May 2020.
- Sogndo Hospital performs pediatric cardio surgery for children in need within the scope of the project. This form of pediatric surgery is brand new to Mongolia.
- So far, more than 40+ children have been operated on, all of which were successful.
- The team says that they would operate on 100 children by 2021 and 1,000 by 2027.



Picture 15: Mobile Cardiac Clinic for the Tsetserleg and Tsagaan-Uul communities of Khuvsgul aimag

## Partnership with Khuvsgul Boxing Club

The company provided essential boxing training gears such as punching bags, gloves and protective vests to support the activities of the Khuvsgul Chingul Boxing Club within the scope of the health and sports program.

Our company is gradually renovating the club's training hall, environment, training tools and equipment. Renovating the boxing training environment and renewing the training gears will improve the motivation of children and youth studying at the club and increase the club's success in training national, continental, and world-class athletes.



Picture 16: Boxing coach accepting the donation

The Khuvsgul Chingun boxing club was established in 2009 to provide martial arts and boxing education to children and youth in the aimag, and to train successful athletes at the national and continental levels. During its existence, the club has provided boxing, martial arts and physical education to more than 500 children and youth. The club has already trained aimag and national Asian champions, winning over 200 sets and medals in total.

## UPCOMING SUSTAINABILITY ACTIVITIES

### Road and Traffic Safety Campaign



Road safety highly important and is required in Mongolia as the paved road network improves and expands, and high speed and long-distance car travel become more prevalent. The road safety campaign will be conducted annually to enhance traffic safety at Ovoot-Erdenet Road and to take risk mitigation actions, broadly applicable public safety messages.

This year the campaign will focus on the negative impacts of drunk driving.

As a commencement of the program, short advertisements will be delivered through local media. Additionally, poster and billboard designs are being developed for future use.

### Recycling at the Office

The company is working with the JJ Tower Building administration to make the Office a Green Office, by pioneering waste recycling initiative. Within the framework of the initiative, sets of recycling bins will be set on each floor of the 10 story JJ Tower Building hallways and outside.



Picture 17: Recycling bins to be placed in UB office building by company initiative