



AMCHAM

e-journal CSR

Issue 05 November 2021





TREE REPLANTATION OFFSET MEASURES

For Badrakh Energy, the challenge is to replant saxauls over an area equivalent to the area of the pilot plant construction site (five hectares).

To carry out this project, the area for the replanting of the saxaul trees was carefully selected with the support of a committee comprised of Mongolian experts specializing in arid zone agriculture. The selected area is located nearby and meets the criteria for the sustainable replantation of the trees; there's no intensive livestock grazing in the area, it's easy to access, and there's a source of water nearby.

The stakeholders approved this approach, with the condition that replanting be carried out in full respect of local customs and tradition. A benchmark study of practices implemented by other mining companies operating in the region was carried out for the initiative to be aligned with best sustainable environmental practices. The tree replanting will be done by local companies and Mongolian professionals specialized in biodiversity offsetting and replanting of trees in arid regions.

The completion of the biodiversity offset project for the pilot mine will enable Badrakh Energy to collect comprehensive data and information for future mine development.



OFFSET PROJECT: KEY DATES AND FIGURES

5 hectares – the surface area for plantation
3,000 saxauls replanted

2016-2018: studies, benchmarking and project planning

2020: selection of the plantation site and construction of a tree nursery

2021: start of the tree planting work

GOING FURTHER...

Badrakh Energy is conducting research in collaboration with the French Agricultural Research Centre for International Development (CIRAD) on optimizing principles for ecological offsetting through planting in arid areas of Central Asia, such as Mongolia. This research work makes it possible to select the appropriate species and to optimize their integration into the surrounding landscapes and ecosystems.

ENVIRONMENTAL OFFSETTING:

A solution for the protection of biodiversity in the gobi

Badrakh Energy LLC is developing the Zuuvch Ovoo uranium deposit in Dornogobi Province. Currently, the company is conducting the Zuuvch Ovoo Pilot test operation through in-situ recovery to confirm the project's technical and economic parameters, and the low environmental impact from the mining technology being utilized.

Badrakh Energy chose to implement an environmental offsetting program by replanting saxauls, the iconic tree of the region, to prevent any impact from construction of the pilot site on local biodiversity.





Golomt Bank's Golden Key children's foundation continued to support the Heart Will Not Forget project for a second year in a row, and established a memorandum of cooperation to become an official partner.

During a ceremony to mark the event, General Director of Ulaanbaatar Songdo Hospital B. Boldsaikhan, who initiated the project, and President of Golomt Bank G. Ganbold signed the memorandum of cooperation. Under the memorandum, Golden Key has agreed to provide financial and other support to the project.

Ulaanbaatar Songdo Hospital launched the Heart Will Not Forget project in May 2020, to give life to little hearts by diagnosing and treating children in Mongolia with congenital heart defects. So far, a total of 170 children have undergone cardiac

surgery and have been given life through the project. Golomt Bank's Golden Key children's foundation, part of the bank's social responsibility initiatives, donated 120 million MNT to the project last year to cover the cost of surgery for 12 children. This year, Golden Key donated another 120 million MNT and expressed its commitment to continued cooperation with Ulaanbaatar Songdo Hospital.

The project team is expanding its activities with visits to remote provinces and soums every quarter to offer free medical checkups, and plans to provide heart surgery to a total of 1,000 children by 2027. During the signing ceremony, Golomt Bank appealed to other entities and organizations to join the project and give life to little hearts.



Khan bank to reforest the selbe river for its 30th anniversary

Khan Bank has been implementing the Khan Bank Forest tree planting program since 2007. A total of 24,000 trees have been planted through the Khan Bank Foundation program.

This year, on the occasion of the 30th anniversary of its establishment, Khan Bank started the reforestation of the Selbe River as part of its corporate social responsibility mission.

Preparations for the planting of 108,000 trees began last spring on 40 hectares that have been damaged due to human activity and natural disasters.

Planting larch trees in this area, which play an important role in reducing air pollution, will help maintain the balance of forest ecosystems, restore the headwaters of the Selbe River, and increase the flow of the Selbe River into the Tuul River.

Trees do not only produce oxygen, but also protect us from soil erosion and global warming. Moreover, trees add beauty to the landscape, as well as soothe the soul and improve individual health in the city.

On the occasion of National Tree Planting Day, on October 9, 2021, about 100 employees of Khan Bank organized a Khan Bank Forest 2021 Planting Day and planted more than 500 trees in Ikh Bayanii Am.



AmCham Mentor Day

For the fifth year, the American Chamber of Commerce in Mongolia (AmCham Mongolia) successfully organized AmCham Mentor Day for university students, with the 2021 event taking place at Khan Bank Tower.

Mentor Day was attended by 30 top students selected from local universities. They spent the day listening to presentations from Mongolia's top business executives, consulting with HR professionals from high-performing companies, and learning about emerging trends, skills needed in the workplace, and career development.

In her opening remarks for Mentor Day, AmCham Mongolia's Vice Chairwoman N. Munkhnasan expressed her gratitude to AmCham Mongolia for organizing the event in the framework of social responsibility, and shared her hope that the students participating in the event would someday become future Mentor Day guest speakers. Mentor Day was attended by AmCham members Ard Financial Group, Barloworld Mongolia, DB & GTS LLP, Faro Foundation, Naran Mandal, Steppe Group, Khan Bank, and event partners the U.S. Embassy in Mongolia and TomYo Edtech. Throughout the day, guest executives gave inspiring talks to students, shared their experiences, spoke about how they started their careers, and answered questions.

The event was also attended by human resources specialists from Mongolian Talent Network, MCS, Khan Bank, and TomYo Edtech, who provided practical advice on how to fill out an application and write a resume, and what skills to highlight during a job interview. Representatives from the U.S. Embassy provided valuable information on opportunities to study in the USA.

AmCham Mongolia's Mentor Day was sponsored by Barloworld Mongolia, Herbalife Nutrition, and Khan Bank.

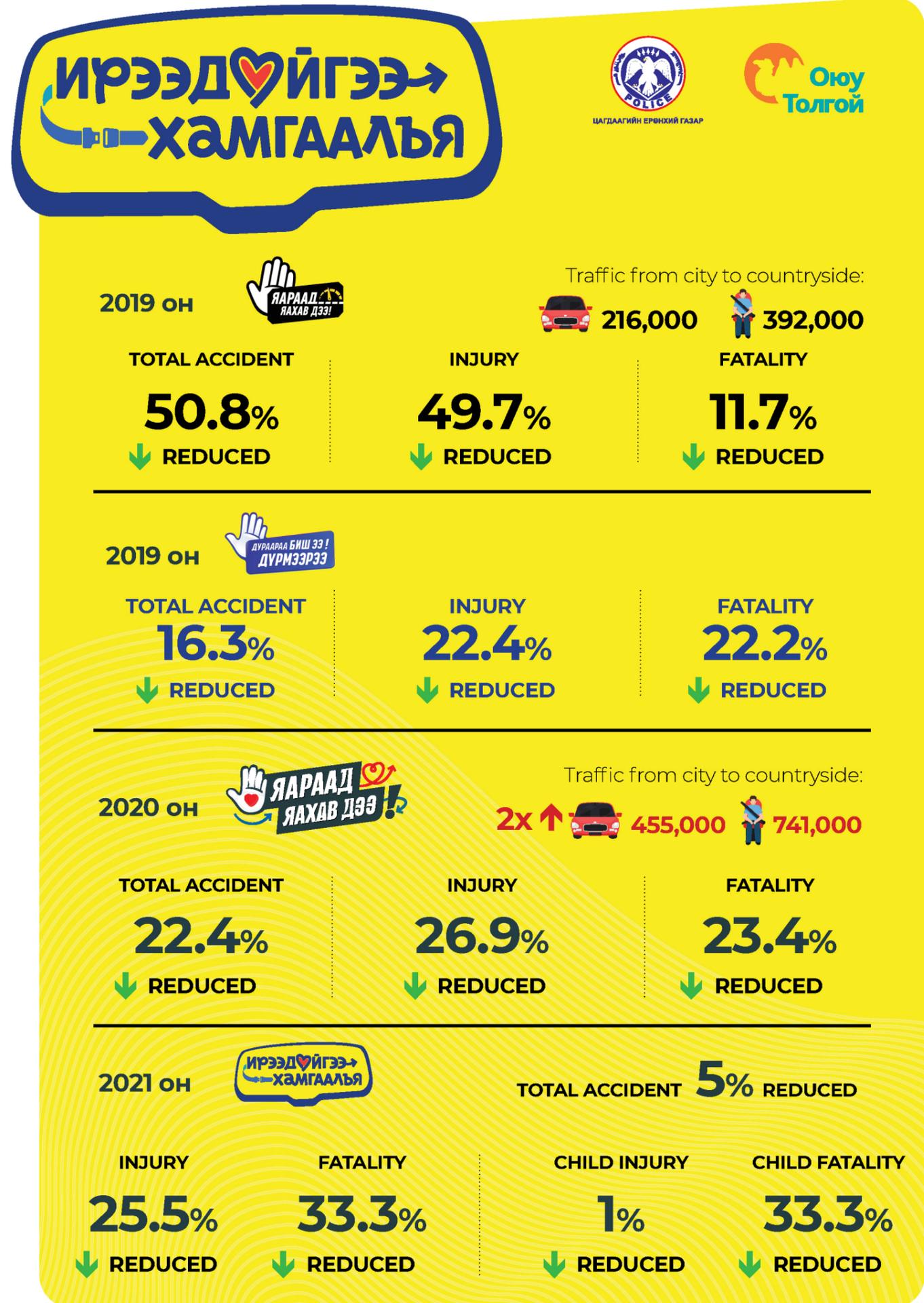




Road safety project:

Oyu Tolgoi LLC has partnered with the National Police Agency and implemented four nationwide campaigns for road safety since 2019. Statistically, each year Mongolia loses more than 500 lives to traffic accidents and around 5,000 people are injured. To reduce the number of fatalities and injuries, raise awareness, and create a traffic safety culture, Oyu Tolgoi LLC has initiated a road safety project. The project's No Need to Rush campaign focused on drivers, the Play by the Rules campaign was designed for all people with vehicles, the No Need to Rush 2 campaign focused on passengers, and the Let's Protect our Future campaign focused on children. As part of the project, speed monitoring cameras were installed on roads in Choir, Darkhan, and Selenge, and a third speed monitoring camera is being installed in Zamiin-Uud.

The number of traffic-related accidents, fatalities, and injuries has consistently reduced in project areas throughout the last three years, serving as an example of effective partnership between state and private organizations.



Petro Matad is an oil exploration and production company. The company was established in 2005 and entered into a production sharing contract (PSC) with the Government of Mongolia in 2006. Then, in 2008, Petro Matad was admitted to the London Stock Exchange Alternative Investment Market, making the company the first substantially Mongolian-owned company to be listed on an international stock exchange.

Petro Matad is Mongolia's only internationally listed and internationally financed oil exploration group and has been the most active explorer for oil in the country over the last three years. This was recognized with an Award of Appreciation in October 2019, during the 80th anniversary celebration of the Mongolian geological sector. Petro Matad has invested 100 million USD in oil exploration in Mongolia since the company's founding in 2006.

PSCs were signed with the Mongolian government on the Matad XX, Bogd IV, and Ongi V blocks, where exploration work was successfully conducted with its own raised funding. In 2019, an oil discovery was made at Matad XX and an exploitation license was acquired in July 2021 to become an oil exploration and production company.

An integral part of our operations is our corporate social responsibility (CSR) projects. We have implemented CSR projects in a number of areas, not limited to donations, grants, and short-term projects, but also in the areas of improving local infrastructure and access to healthcare, supporting education, protecting cultural heritage, and supporting small and medium-sized businesses.



LOCAL PROJECTS AND PROGRAMS

**Block ONGI V, Uvurkhangai Province
Deep water well in the Otor area, Guchin-Us soum (96,445,686 MNT)**

Herders could not live in the Otor area during summer due to the lack of livestock water wells. Many attempts were made by the locals to build wells, but due to the collapse of the soil, "khuvdug els", many wells became unusable. The deep water well was built with well casing, screens, a water pump, and housing, and it resolved the soil collapse issues and made the area more suitable for living for many years to come.

Soum Landfill Cleaning and Landscaping Project, Guchin-Us soum (6,123,930 MNT) 2018

The soum's landfill area has expanded to 2.5 hectares, and droughts in the spring and summer led to an increase in livestock mortality and the number of decaying animal carcasses, which had a significant negative impact on the health and safety of soum residents. By burying animal carcasses in the soum landfill and rehabilitating the landfill, the health and living conditions of soum residents was improved and the spread of communicable diseases was prevented.

Bulldozer Project, Guchin-Us soum (32,000,000 MNT) 2018

The project helped to create healthy living conditions for soum residents by maintaining the 2.5 hectare landfill site in the soum center. The bulldozer is also used for road clearing during severe snowstorms and dzud, and for earthwork projects in the soum.

Children's Playground Project, Guchin-Us soum (18,260,000 MNT) 2018

In connection with the Uvurkhangai Province's Citizens' Representative Khural announcing the 2018 school year the Year of Child Development and Protection, the Children's Playground Project was implemented in Guchin-Us soum. The child and environmentally friendly playground created conditions for 500 children in the soum to enjoy themselves and play outdoors.

**BLOCK - BOGD IV /
BAYANKHONGOR AIMAG**

Street Surveillance Camera and Lighting Project, Baatsagaan soum (36,000,000 MNT) 2018

In recent years, bagh families have moved to the soum center to live with their school age children. The number of crimes and violations, such as property theft, home burglary, and the disturbance of public order due to alcoholism, is increasing due to increasing population concentration, but the prevention of crimes and violations has not improved. Implementation of this project has helped to prevent crime and create safe living conditions for soum residents.

Garbage Truck Project, Baatsagaan soum (50,144,000 MNT) 2018

There are six government organizations, seven cooperatives, 17 grocery stores and three canteens in Baatsagaan soum center and 1140 people from 285 households live there. An average of 2.5 tons of household waste is generated per day by households and businesses, and the lack of garbage collection and garbage trucks adversely affects the living conditions of soum residents and leads to the spread of infectious diseases in the spring. The garbage truck has improved waste collection and created healthier living conditions for soum residents.

Furniture for School Dormitory Project, (11,540,566 MNT) 2018

There are 337 children who study in 14 groups at Tsagaan Dalai Secondary School in Baatsagaan soum, 44 of whom are the children of herders and live in the school's dormitory. Dormitory conditions violated children's right to live and study in a healthy, safe, and comfortable environment. The project improved the conditions of the dormitory and increased its residence capacity.

Establishment of a forest strip on 10 hectares in the Baidrag River Basin, Baatsagaan soum (21,600,000 MNT) 2018

The Bayankhongor Province Governor's Action Plan for 2016-2020 included creating a 10-hectare forest strip in the Baidrag River Basin, the source of Buuntsagaan Lake, which will help reduce desertification, reduce soil erosion, and increase water yield. The project was supported and funded to assist the preservation of nature for future generations.

Building COVID-19 diagnostic and service delivery for the most vulnerable in Mongolia



As part of COVID-19 relief efforts, Rio Tinto Mongolia, in partnership with UNFPA and Oyu Tolgoi, implemented a joint project to drive COVID-19 diagnostic capacity and service delivery for the most vulnerable in Mongolia. The program provided 1.7 billion MNT in funding to build PCR laboratories, and provide other essential equipment to four hospitals in strategic locations: the National Center for Maternal and Child Health and State Hospital Number 2 in Ulaanbaatar; the General Hospital of Zamiin-Uud soum of Dornogobi Province; and the Regional Diagnostic and Treatment Center of Umnugobi Province in the border region. These laboratories will augment public health capacity to tackle



the COVID-19 pandemic; support the diagnosis and treatment of other infectious diseases, including influenza, antibiotic resistant tuberculosis, and sexually transmitted infections; and serve as an important tool for ensuring the safe pregnancy of Mongolian women.

In addition to laboratories, the project established telemedicine services at primary healthcare units with the aim of ensuring the continuity of vital healthcare services for persons requiring regular medical check-ups. A total of 86 tablets, 14 laptops, and primary healthcare provider kits have been provided to healthcare workers of baghs and khoros.



Economic recovery and adaptability loan program for SMEs and entrepreneurs

Building on efforts to support the capacity of Mongolian public health, Rio Tinto Mongolia launched an SME loan scheme in cooperation with the Ulaanbaatar Mayor's Office and InvesCore to provide low-interest loans to support local business owners struggling during the pandemic. Loans will be available for up to 280 businesses, with the aim of protecting over 1,000 jobs. The program will mainly target priority social groups, such as women and single parent-run businesses, entrepreneurs with disabilities, environmentally friendly businesses, and import substituting industries. As part of the loan scheme, all applicants will benefit from internationally recognized business training administered by in-country development agencies and IFIs, including USAID and EBRD.



Business Integrity Center – Improving the Business Environment

Rio Tinto Mongolia, in partnership with the Mongolian National Chamber of Commerce and Industry (MNCCI) and Transparency International Mongolia, launched a new Business Integrity Center aimed at strengthening business ethics and integrity across Mongolia in support of the country's National Anti-Corruption Program. Tackling corruption and promoting international standards in corporate governance will be crucial in driving commercial opportunities for Mongolian businesses and creating the conditions to attract new sources of foreign direct investment. The partnership seeks to provide customer-centered, practice-based services to MNCCI member organizations, strengthening their awareness and knowledge of the risks of ethical ambiguity against corruption. As part of the program, Rio Tinto Mongolia will fund the operational costs of the center and continue to share global best practices in transparency, codes of conduct, and sustainability issues.



Rio Tinto Mongolia



Gandys Kids Campus Community Library

Rio Tinto Mongolia, together with the Mongolian children's charity the Veloo Foundation, has supported the establishment of the Gandys Kids Campus Community Library. The library, located in the 26th khoroo of Sukhbaatar District, was developed as part of an innovative community joint project delivered in partnership with the Gandys Foundation, an international NGO founded by 2004 Indian Ocean tsunami survivors Rob and Paul Forkan.

The library, which Rio Tinto has fully equipped and will fund ongoing operational costs for, will help improve access to education for underprivileged children by providing a broad range of reading materials, tuition, and additional community services for young people, adults, and seniors. The library will host the After School Homework Help Program to provide educational support with the help of qualified teachers to students of all ages in the ger district, broaden access to the internet, support professional development seminars, host self-governance programs, and provide an important hub for community meetings.

This new initiative builds on Rio Tinto's commitment to community investment in Mongolia and is part of a wider partnership program to support the country's national development goals.



Kharakhorum – Preserving Mongolia's Cultural Heritage

In order to protect and broaden access and understanding of Mongolia's important cultural heritage, Rio Tinto has partnered with the innovative start-up company Digital Solutions to develop a virtual reality reconstruction of Kharakhorum, the ancient capital of the 13th century Mongol Empire. Digital Solutions, established by students and professors from National University of Mongolia, will use existing and new archaeological material to develop a pioneering interactive virtual reality experience that complement's the government's efforts to celebrate and promote Mongolia's historical and cultural heritage.



MESA sponsorship

Rio Tinto Mongolia sponsored the Mongolian Esports Association's (MESA) international competition, Nomadic Masters, during Digital Nation 2021. In recent years, esports has grown to be recognized as a professional sport and Mongolian youth have been growing and thriving in various areas of esports, with the ambitious goal of Mongolia becoming an esports hub in East Asia. Rio Tinto Mongolia is proud to support the aspirations of Mongolian youth.



Transwest Mongolia LLC



Transwest Mongolia LLC, within the scope of Komatsu's 100th anniversary, is supporting the Don't Just Throw Them Away!!! campaign, collecting plastic bag waste to raise money to build a children's playground. Transwest Mongolia is supporting this campaign by donating 30 million MNT to kick start their construction work in the 12th khoroo of Bayanzurkh District.

Transwest Mongolia, the official distributor of the Komatsu brand, has supported Lantuun Dohio NGO's Magic Land 1 and 2 projects in previous years. On top of the monetary donation, Transwest is supporting the playground project by running an internal campaign to collect plastic waste at its company facility for additional fundraising. Transwest's donations and support are giving children a safe place to play.



AmCham Members in 2021

