



Oyu Tolgoi LLC

Contractor Management Framework Procedure

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

CONTENTS PAGE

- 1 INTRODUCTION 4**
 - 1.1 PURPOSE 4
 - 1.2 APPLICATION..... 4
 - 1.3 COMMENCEMENT..... 4
 - 1.4 AUTHORITY AND MANAGEMENT 4
 - 1.5 PERIODIC REVIEWS..... 4
- 2 SCOPE 5**
 - 2.1 PROCEDURE SCOPE..... 5
 - 2.2 OVERLAPS WITH OTHER MANAGEMENT PLANS..... 5
- 3 ROLES AND RESPONSIBILITIES 6**
 - 3.1 KEY ROLES AND RESPONSIBILITIES 6
 - 3.2 PROJECT STANDARDS..... 8
 - 3.3 MANAGEMENT CONTROLS..... 9
 - Category 1 Contractor18**
 - Category 2 Contractor18**
 - Category 3 Contractor18**
- 4 CONTRACTOR HSE MANAGEMENT PLAN.....19**
 - 4.1 HSE MANAGEMENT PLAN..... 19
 - 4.2 DOCUMENTS..... 19
 - 4.3 REVIEW AND REVISION OF HSE MANAGEMENT PLAN..... 19
- 5 MONITORING19**
 - 5.1 OVERVIEW OF MONITORING REQUIREMENTS 19
 - 5.2 KEY PERFORMANCE INDICATORS..... 19
 - 5.3 KEY MONITORING ACTIVITIES.....20
- 6 TRAINING21**
 - 6.1 OVERVIEW.....21
 - 6.2 INDUCTION TRAINING21
 - 6.3 JOB-SPECIFIC TRAINING.....21
 - 6.4 OTHER TRAINING REQUIREMENTS.....21
- 7 AUDIT AND REPORTING.....21**
 - 7.1 INTERNAL AUDITING..... 21
 - 7.2 EXTERNAL AUDITING 21
 - 7.3 PERFORMANCE REPORTING 22
- 8 DOCUMENT CONTROL.....22**



| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

TABLES

Table 1: Key Roles and Responsibilities **Error! Bookmark not defined.**

Table 2: Key Procurement and Contractor Management Stages and Actions.....10

Table 3: Rio Tinto Contractor and Supplier Requirements and OT Implementation 13

Table 4: Contractor type and requirement summary 17

Table 5: Key Performance Indicators – Contractor Management 20

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

1 INTRODUCTION

1.1 Purpose

The purpose of this document is to:

- Describe the process for effectively managing contractors in accordance with Element 7 of the HSEC Management System.
- Describe the roles and responsibilities for key stakeholders participated at each phase of contract in contractor management that includes.
- Assist in defining the monitoring and reporting procedures, including Key Performance Indicators (KPIs).
- Provide the list of relevant policies, procedures and support materials for implementing the contractor management framework procedure.

1.2 Application

This procedure applies to all of OT activities where contractors are used to provide services or when purchasing items that may impact HSE. The requirements set out in the procedure apply to all OT activities¹ with the exception of future development and associated construction which may be managed separately and is excluded from this document (refer to Section 2.1).

This Contractor Management Framework Procedure provides a summary of the Pre-qualification, Sourcing, Purchasing, Manage the Work and Demobilization processes and Contract Management, Contractor Engagement, Designated Managers processes and management of contractor implemented by OT; it does not supersede the conditions detailed in the General Conditions for Goods and Services. Any subsequent changes to the Contractor Engagement processes may result in changes to this Contractor Management Framework Procedure.

1.3 Commencement

This Contractor Management Framework Procedure applies starting from 1 January 2013.

1.4 Authority and Management

The OT Executive Committee approved this procedure on 1st September 2013.

1.5 Periodic Reviews

OT General Manager Procurement is fully responsible to overview and monitor the implementation of this Contractor Management Framework Procedure.

The procedure should be reviewed and updated every two years and OT General Manager Procurement is responsible to keep this procedure updated when the changes were made in contractor engagement process and other procurement procedures.

¹ For the purpose of this document OT activities include surface and underground operations.

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

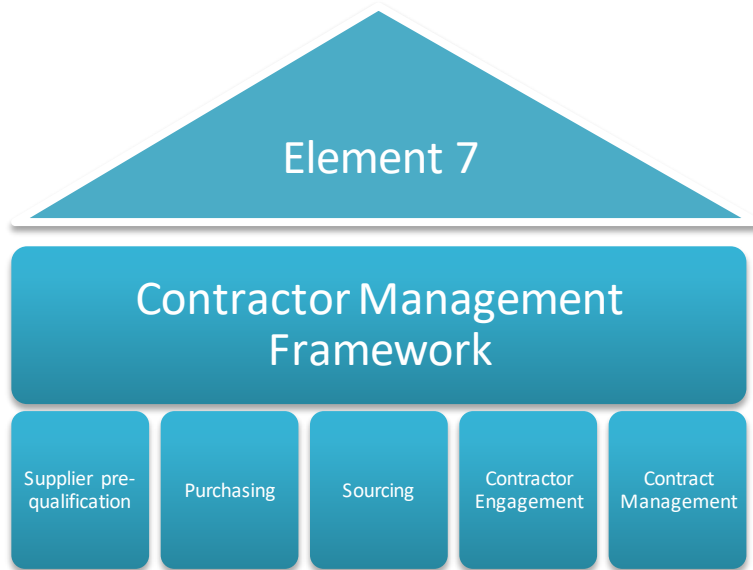
2 SCOPE

2.1 Procedure Scope

This document covers all OT activities and sets out how OT ensures that contractors and suppliers implement OT Standards and other requirements. The requirements set out in this Contractor Management Framework apply to all OT activities, with the exception of any future development and associated construction, which may be managed separately via the use of an Engineering, Procurement and Construction Management (EPCM) contract, whose scope would include ensuring that contractors and suppliers under EPCM supervision implement OT Standards and other requirements.

2.2 Overlaps with other procedures

This Contractor Management Framework Procedure is a part of the overall suite of Operations Management Plans, procedures and standards developed for the OT Operations. The Contractor Management Framework sets out OT Standards for the scopes of work, HSE and Communities requirements.



Other documents associated to this procedure are:

- RT Group Procurement Standard
- OT Delegation of Authority (Do)
- OT Supplier Development Policy
- OT Supplier Qualification procedure
- OTP Sourcing Procedure Manual (OTP-PRC-PUR-001)
- OTP Purchasing Procedure (OTP-PRC-SRC-001)
- OT General Conditions for Goods and Services
- Contract Management Manual (OTP-CM-01)
- Contractor Engagement Manual (OT-07-GDL 9012-E Revision 1.1)
- Labor Management Plan – Project Standards (HR-10-PLN-0001-E)
- Land Disturbance Procedure (OT-10-E9-PRC-0003) (this is undertaken by OT, not contractors, but will direct contractor activity).

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

3 ROLES AND RESPONSIBILITIES

3.1 Key Roles and Responsibilities

Principal roles and responsibilities for the implementation of this plan are outlined below in

| Role | Responsibilities |
|------------------------------------|--|
| General Manager Procurement | <ul style="list-style-type: none"> Accountable for the implementation and overall compliance of this document and ensuring contractors to implement OT contractual requirements. Ensure that adequate resources are provided to allow implementation of all policies, principles and procedure related to the Contractor Management Framework Procedure. Ensure implementation of Pre-qualification, Qualification, Sourcing, Purchasing, Contract Management and Contractor Engagement procedures and processes. |
| Designated Managers | <ul style="list-style-type: none"> Develop the Scope of Supply details (SOSD) Scope of Work (SOW) using the SD/ SOW template in consultation with the HSEC teams as appropriate. Assist Procurement with the selection of the Contractors and Suppliers, based on approved selection criteria. Approve Contractor HSE Management/Action Plan, Project Execution, Construction and other Management Plans; supervise the contract works to ensure compliance with the contract and OT requirements, budgets and schedules. Develop any additional controls required if the Contractor does not have sufficient skills and experience to address the issues identified in the SD or SOW. Provide resources to verify that Contractor tools and equipment are adequate. Provide advice to the Contractor to meet OT Standards and requirements. Ensure that all activities in pre-job checklist are completed and incorporated before work commencement. Provide resources to give workers any necessary area-specific inductions. Monitor and approve Permit to work. Ensure that all personnel who operate or use the PTW are trained and competent to do so. |

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

| Role | Responsibilities |
|-----------------------------------|---|
| | <ul style="list-style-type: none"> Oversee Contractor activities ensuring that actions listed on the HSE Action Plan are implemented. Attend to contractor performance scorecard meeting on periodic basis or evaluate their performance according to KPI set out for onsite service contractors. Manage work close-out and complete Demobilisation checklist or Contract Practical Completion Document as per contract requirement. |
| Procurement teams | <ul style="list-style-type: none"> Complete pre-qualification of suppliers Organize sourcing, purchasing activities of goods and services Conduct bid, tender evaluations Award the contract Facilitate the Kick-off meeting and handover to Stakeholders Conduct supplier qualification audits Facilitate contractor performance reviews, KPI's |
| Contractor Engagement team | <ul style="list-style-type: none"> Give mobilization session to awarded contractor. Register the vendor and the project to OT On boarding system and provide the system access to the contractor. Create SAP IDs for all employees of the contractor. Support the contractor to inspect their equipment/vehicle before access to the site. Facilitate the performance scorecard meeting with contractor in specified time frequency. Maintain all contractors' data at OT system that includes new employee, changes and deactivation. Monitor the contractors' medical document validity. Provide the contractor related reports to OT stakeholder when requested. Deactivate the contractors' employee account and register Facilitate Final Performance Scorecard Review meeting. Ensure that the works listed in demobilization checklist are completed. |
| Training Department | <ul style="list-style-type: none"> Schedule and book the requested training prior to mobilization if the contractor does not have designated LMS admin. Train Contractors in line with minimum mandatory HSE training and induction requirements. Create, update and manage training profiles on LMS Undertake training activities in line with the OT-06-STD-E-Training Standard document. |

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

| Role | Responsibilities |
|--------------------|---|
| HSEC team | <ul style="list-style-type: none"> • Support and review of the developed Scope of Supply Details /Scope of Work in safety perspectives. • Auditing and approve the contractor pre-qualification submissions (applicable section/s) and post award HSE plan. • Audit and support with OT departments /designated manager/ and contractor for all contract stages: <ul style="list-style-type: none"> - Sourcing - Planning and preparation - Mobilization and onboarding - Work implementation - Close-out • Participate in contractor performance review (e.g. scorecard meetings). • Support with incident and injury investigation and analysis. |
| Contractors | <ul style="list-style-type: none"> • Responsible for running a safe job-site and for compliance with all provisions of OT Contractor Management Framework Procedure and requirements in the contract. • Develop and get approved HSE Management Plan/HSE Action Plan as required under the contractor engagement process. • Implement the approved HSE Management plan/HSE Action Plan. • Complete OT awareness (site and area) and competency training prior to commencement of work. • Complete medical assessment (“fit for work”) prior to commencement of work if required. • Provide necessary vehicles, equipment and tools in good working order and in compliance with the Contract requirements and OT procedures. • Provide listing of any chemicals and accompanying Material Safety Data Sheets, gain approval prior to bringing any such materials onto OT work sites. • Complete the works in the pre-job checklist and get reviewed by Designated Manager. • Report immediately all hazards, incidents and injuries. |

3.2 Project Standards

Applicable Rio Tinto (RT) Standards must be complied with for all Project activities (the “RT Project Standards”). RT Project Standards are defined in each Environmental and Social Management Plan and the Designated Manager will identify applicable RT Project Standards and associated requirements for Contractors as part of the Scope of Work development process.

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

3.3 Management Controls

Element 7 (Supplier and Contractor Management) of the OT HSEC Management System defines the approach to supplier and contractor management in conformance with the Rio Tinto Health, Safety, Environment and Quality Management System Standard, which is mandatory for all Rio Tinto Group businesses.

The key stages of the Sourcing, Contract Management and Contractor Engagement process as implemented by OT are as follows:

- Pre-qualification: the prequalification of the contractors are done according to OT Supplier Qualification procedure through Supplier Qualification Management System (SQMS).
- Qualification: the qualification of the suppliers is performed according to OT Supplier Qualification procedure.
- Sourcing of services and associated goods: new contracts are sourced according to OTP Sourcing Procedure Manual.
- Purchasing of services: purchasing is managed according to OTP Purchasing Procedure
- Managing contracts: contract management is performed under OTP Contracts Management Manual
- Managing contractors: Contractor Engagement process is outlined and performed according to OT Contractor Engagement Manual which includes mobilization, manage the work, review and close out stages.

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

Table 1: Key Procurement and Contractor Management Stages and Actions

| | <u>Pre- Qualification, Qualification</u> | <u>Sourcing</u> | <u>Purchasing</u> | <u>Contract Management</u> |
|----------------------|--|---|---|--|
| Actions | <ul style="list-style-type: none"> Supplier registration in Master Database (SQMS) Pre- Qualification of Suppliers Records to be tracked in SQMS Supplier qualification RT Group Procedure for Supplier Due Diligence | <ul style="list-style-type: none"> Category Strategy Development Start project Conduct Bidding Price negotiation Recommendation to Award Draft and agree contract terms Contract execution Contract Handover and Kick off Procurement effectiveness tracking | <ul style="list-style-type: none"> Request for Purchase (PR) Supplier data base research (SQMS) Conduct bidding PO execution Post award management/expediting Creating Letter Agreement | <ul style="list-style-type: none"> Contract handover from Sourcing Contract summary or Contract Management Plan preparation Monitor Contract Insurance compliance Contract performance compliance Contract review s /SPM meetings Invoice verification Contract close out |
| Process Tools | <ul style="list-style-type: none"> Supplier Qualification Management System (SQMS) RTTMS vendor creation tool OTP Sourcing Procedure Manual RTTMS Supplier Due Diligence OT Supplier Qualification procedure | <ul style="list-style-type: none"> Supplier Qualification Management System (SQMS) Ariba – bidding tool Delegated Financial Approval (DFA) SOSD/SOW, RFP, Sole source, bidders list templates OTP Sourcing Procedure Manual Recommendation to Award (RTA) meeting RFxBox – email box OT web page Risk Assessment | <ul style="list-style-type: none"> SQMS Oyu – bidding tool Ariba – approval tool SAP transactions OTP Purchasing Procedure Delegated Financial Approval (DFA) RFxBox – email box OT web page | <ul style="list-style-type: none"> Ariba – Contractor Performance Management (CPM) Contract Summary or Contract Management Plan OTP Contracts Management procedure Account Payable Automated System – Cockpit RTTMS vendor changes |

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

| Contractor Engagement Actions | | | |
|--------------------------------------|--|---|--|
| | <u>Mobilization</u> | <u>Manage the Work</u> | <u>Review and Close Out</u> |
| Actions | <ul style="list-style-type: none"> Organize the mobilization session for newly awarded contractor. Registration of contractor and projects into On boarding system. Enable the contractor to access to OT system SAP ID create for each contractor employee confirming qualification, medical check-up and competency Inspection arrangement of equipment and vehicles. Chemical substance approval Receive the approved HSE Management Plan/ HSE Action Plan. Receive the signed contractor's Pre-job checklist. Security checks for existing employee | <ul style="list-style-type: none"> Facilitate contractor KPI/ Performance scorecard meeting at specified frequency. Work management support. Perform the requested changes of contractor manpower at OT system- new employee, move/transfer and exits. | <ul style="list-style-type: none"> Periodic or Final performance scorecard review meeting Contractor data deactivation in RTBS (SAP exits and bucket position delimits) Informing OT IT about contractor data (email addresses) Verification of Demobilization checklist |
| Process Tools | <ul style="list-style-type: none"> OTCE Welcome Pack- includes all templates and instruction HSE Action Plan or HSE Management Plan template Risk assessment (level 2 and hazard assessment) Template for equipment & vehicle inspection request | <ul style="list-style-type: none"> Performance scorecard template Onboarding system Managing Engine Rio Tinto Business Solution SWP and PJHA, TARCK CRM Permit to work | <ul style="list-style-type: none"> Demobilization checklist Final performance scorecard meeting template Onboarding system Rio Tinto Business Solution |

| Contractor Management Framework Procedure | | |
|--|--------------------------------------|-------------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2.0 |

| Contractor Engagement Actions | | | |
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| | <u>Mobilization</u> | <u>Manage the Work</u> | <u>Review and Close Out</u> |
| | <ul style="list-style-type: none"> • Chemical substance list and ChemAlert system • Onboarding system • Manage engine –system • Pre-job checklist • Contractor Engagement Manual for Stakeholders • SAP Process Guideline • OTCE Process workflow | <ul style="list-style-type: none"> • Standardized Prestart meeting • Inspection and audit | |
| Change Tools | <ul style="list-style-type: none"> • CMS training • Contractor Engagement Session | <ul style="list-style-type: none"> • On the job coaching • Contractor Engagement session | <ul style="list-style-type: none"> • On job coaching • Contractor engagement session |

| Contractor Management Framework | | |
|---------------------------------|--------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2 |

Table 2: Rio Tinto Contractor and Supplier Requirements and OT Implementation

| RT | Requirement | Implementation | Means of verification |
|-------------------|--|---|--|
| Clause 7.1 | <p>During development of equipment and material specifications, risks must be evaluated, including those associated with transport, storage and disposal. Those controls required to manage the significant risks must be embedded into the contract.</p> <p>Performance criteria for those pieces of equipment that serve as critical controls must be embedded into the purchase order or contract.</p> <p><i>Information Note: The decision of which type of hazard/risk assessment to use is made by the designated manager.</i></p> | <p>Scope of Supply Detail (SOSD or SOW)</p> <p>Risk assessment in RFP evaluation</p> <p>Risk Assessments in Recommendation to Award (RTA)</p> | <p>SOSD requires HSE team approval on work to be completed</p> <p>Hazard/Risk Assessment in SOSD, Ariba task</p> <p>Review details of Tenderer's performance (HSE, HR LM Plan-Project Standards, Social Management, Industrial Relations</p> <p>Risk assessment discussed in RTA meeting with management</p> |
| Clause 7.2 | An assessment of performance to specification or intended use must be included when awarding purchase order or contract. | Bid evaluation Weighted criteria | EOI, RFP evaluation and RTA to be approved as per DFA |
| Clause 7.3 | All relevant controls based on the risks associated with the transport, storage and disposal of equipment and materials must be implemented. | Transportation Plan, Emergency response plan | Review of documents |
| | | Monitoring of the vehicles movement. Vehicle/equipment inspections (C3 and other standards) | GPS system records. Vehicle Inspection, quarterly inspection result records |
| | | Hazardous substance registration , approval | ChemAlert registration, MSDS |
| Clause 7.4 | Equipment and materials must be checked for conformance to purchase order. If equipment or material is a critical control, then it is verified against performance criteria prior to commissioning. | MSDS for chemicals to HSE Department for verification Good receipt confirmation | ChemAlert RTBS SAP material receipt transaction |

| Contractor Management Framework | | |
|--|--------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2 |

| | | Equipment inspection per standards | Inspection records |
|-------------------|--|---|--|
| Clause 7.5 | As the work is defined, risks must be assessed and included in the scope of work (SD or SOW) or contract. Controls associated with the risks must be comparable to Rio Tinto standards as a minimum. | <p>Scope of Supply Detail (SOSD or SOW)</p> <p>General Term & Condition and Relevant HSE standards are referred to into contract</p> | <p>SD requires HSE team approval on work to be completed Hazard/Risk Assessment in SD, Ariba task</p> <p>Supplier' acceptance of GT&C when submitting tender document</p> |
| Clause 7.6 | An assessment of capability must be completed before awarding a scope of work or contract. Service providers must be qualified by the business to be awarded the work. | <p>Due Diligence process</p> <p>Supplier pre-qualification</p> <p>Bid evaluation</p> <p>Recommendation to Award (RTA)</p> | <p>Due diligence report</p> <p>Pre-qualification stage of supplier in SQMS</p> <p>Bid evaluation weighted criteria</p> <p>Review details of Tenderer's performance (HSE, HR LM Plan- Project Standards, Social Management, Industrial Relations</p> <p>RTA documentation</p> |
| Clause 7.7 | During mobilization, all relevant controls based on the risks associated with the scope of work must be acknowledged and agreed. Accountabilities and responsibilities must be clearly defined with categorization of the work performed aligned to the <i>Contractor management Group procedure</i> . | <p>HSE Management Plan</p> <p>Contractor Engagement - Welcome Pack</p> <p>Medical check-up, qualification and competency declaration</p> <p>Training matrix</p> | <p>HSE Management Plan is reviewed and approved by OTHSE team and Designated Manager</p> <p>CE Welcome pack includes all required templates</p> <p>RACI charts for all key stakeholders.</p> |

| Contractor Management Framework | | |
|--|--------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2 |

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| | | Contractor Engagement Manual OT-07-GDL-9012-E and RACI chart | |
| Clause 7.8 | While delivering on the scope of work or contract, the business must assign a single business leader to be accountable for the work and to confirm that the controls are understood and implemented. The work will be managed according to the processes defined in the Contractor management Group procedure. | Scope of Supply Detail (SOSD or SOW), RTA & Contract Sourcing Kick off/ handover meeting with Designated Manager Contractor Management System Training session for Designated Manager Contractor Engagement Manual OT-07-GDL-9012-E and RACI chart <i>OT Permit to Work Procedure [OT-10-GDL-0003-E-Permit to Work-Guidance & Instructions][OT-10-PRC-0001-E-Permit to Work Procedure]</i> | Single business leader signs SD and RTA and defined in Contract as company representative Review of records Permit to work Meeting records |
| Clause 7.9 | There must be a process to assess the performance of the service provider during or at the finalization of the work. | Contract Review Meeting Performance Scorecard Meeting at specified frequency (monthly, bi-monthly, quarterly) Supplier Qualification audit Demobilization checklist | Performance scorecard Review of records Qualification audit report and recommendation |
| Clause 7.10 | Contractor exposure hours must be accurately collected, classified and reported within specified cut-off times in conformance with the requirements of the <i>HSEC performance data recording Group procedure</i> . | Exposure Hour registration at HSE Department | Exposure hour Registration Records |

below sets out how OT implements the requirements of Element 7 of the OT HSE Management System.

| Contractor Management Framework | | |
|---------------------------------|--------------------------------------|-----------|
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| Clause 7.1 | <p>During development of equipment and material specifications, risks must be evaluated, including those associated with transport, storage and disposal. Those controls required to manage the significant risks must be embedded into the contract.</p> <p>Performance criteria for those pieces of equipment that serve as critical controls must be embedded into the purchase order or contract.</p> <p><i>Information Note: The decision of which type of hazard/risk assessment to use is made by the designated manager.</i></p> | <p>Scope of Supply Detail (SOSD or SOW)</p> <p>Risk assessment in RFP evaluation</p> <p>Risk Assessments in Recommendation to Award (RTA)</p> | <p>SOSD requires HSE team approval on work to be completed</p> <p>Hazard/Risk Assessment in SOSD, Ariba task</p> <p>Review details of Tenderer's performance (HSE, HR LM Plan-Project Standards, Social Management, Industrial Relations</p> <p>Risk assessment discussed in RTA meeting with management</p> |
| Clause 7.2 | An assessment of performance to specification or intended use must be included when awarding purchase order or contract. | Bid evaluation Weighted criteria | EOI, RFP evaluation and RTA to be approved as per DFA |
| Clause 7.3 | All relevant controls based on the risks associated with the transport, storage and disposal of equipment and materials must be implemented. | Transportation Plan, Emergency response plan | Review of documents |
| | | Monitoring of the vehicles movement. Vehicle/equipment inspections (C3 and other standards) | GPS system records. Vehicle Inspection, quarterly inspection result records |
| Clause 7.4 | Equipment and materials must be checked for conformance to purchase order. If equipment or material is a critical control, then it is verified against performance criteria prior to commissioning. | Hazardous substance registration , approval | ChemAlert registration, MSDS |
| | | MSDS for chemicals to HSE Department for verification Good receipt confirmation | ChemAlert RTBS SAP material receipt transaction |

| Contractor Management Framework | | |
|--|--------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2 |

| | | Equipment inspection per standards | Inspection records |
|-------------------|--|---|--|
| Clause 7.5 | As the work is defined, risks must be assessed and included in the scope of work (SD or SOW) or contract. Controls associated with the risks must be comparable to Rio Tinto standards as a minimum. | <p>Scope of Supply Detail (SOSD or SOW)</p> <p>General Term & Condition and Relevant HSE standards are referred to into contract</p> | <p>SD requires HSE team approval on work to be completed Hazard/Risk Assessment in SD, Ariba task</p> <p>Supplier' acceptance of GT&C when submitting tender document</p> |
| Clause 7.6 | An assessment of capability must be completed before awarding a scope of work or contract. Service providers must be qualified by the business to be awarded the work. | <p>Due Diligence process</p> <p>Supplier pre-qualification</p> <p>Bid evaluation</p> <p>Recommendation to Award (RTA)</p> | <p>Due diligence report</p> <p>Pre-qualification stage of supplier in SQMS</p> <p>Bid evaluation weighted criteria</p> <p>Review details of Tenderer's performance (HSE, HR LM Plan- Project Standards, Social Management, Industrial Relations</p> <p>RTA documentation</p> |
| Clause 7.7 | During mobilization, all relevant controls based on the risks associated with the scope of work must be acknowledged and agreed. Accountabilities and responsibilities must be clearly defined with categorization of the work performed aligned to the <i>Contractor management Group procedure</i> . | <p>HSE Management Plan</p> <p>Contractor Engagement - Welcome Pack</p> <p>Medical check-up, qualification and competency declaration</p> <p>Training matrix</p> | <p>HSE Management Plan is reviewed and approved by OTHSE team and Designated Manager</p> <p>CE Welcome pack includes all required templates</p> <p>RACI charts for all key stakeholders.</p> |

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| | | Contractor Engagement Manual OT-07-GDL-9012-E and RACI chart | |
| Clause 7.8 | While delivering on the scope of work or contract, the business must assign a single business leader to be accountable for the work and to confirm that the controls are understood and implemented. The work will be managed according to the processes defined in the Contractor management Group procedure. | Scope of Supply Detail (SOSD or SOW), RTA & Contract Sourcing Kick off/ handover meeting with Designated Manager Contractor Management System Training session for Designated Manager Contractor Engagement Manual OT-07-GDL-9012-E and RACI chart <i>OT Permit to Work Procedure [OT-10-GDL-0003-E-Permit to Work-Guidance & Instructions][OT-10-PRC-0001-E-Permit to Work Procedure]</i> | Single business leader signs SD and RTA and defined in Contract as company representative Review of records Permit to work Meeting records |
| Clause 7.9 | There must be a process to assess the performance of the service provider during or at the finalization of the work. | Contract Review Meeting Performance Scorecard Meeting at specified frequency (monthly, bi-monthly, quarterly) Supplier Qualification audit Demobilization checklist | Performance scorecard Review of records Qualification audit report and recommendation |
| Clause 7.10 | Contractor exposure hours must be accurately collected, classified and reported within specified cut-off times in conformance with the requirements of the <i>HSEC performance data recording Group procedure</i> . | Exposure Hour registration at HSE Department | Exposure hour Registration Records |

Note 1: All contractors work under the OT HSE Management System.

| Contractor Management Framework | | |
|--|--------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2 |

Table 4: Contractor type and requirement summary

| | CAT1 | CAT2 | CAT3 |
|--------------------|--|---|---|
| REQUIREMENT | Temporary Replacement Personnel | Discrete projects carried out separately from existing OT operations | Service contracts within OT operations |

| Contractor Management Framework | | |
|---------------------------------|--------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number: OT-07-PRC-0001-E | Rev: 2 |

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| Contractor to be registered in SQMS* | Yes | Yes | Yes |
| Proof of Insurance | Yes | | Yes |
| Risk/Hazard identification before Scope Supply Detail (SOSD or SOW) by HSE department | Yes | Yes | Yes |
| Evaluation of HSE Management plan or risk assessment during tendering process | Yes | Yes | Yes |
| Sourcing Kick off meeting | Yes | Yes | Yes |
| HSE Action Plan or HSE Management Plan | | Yes | Yes |
| Pre-job checklist to be completed | | Yes | Yes |
| Performance scorecard meeting | | Yes | Yes |
| Training/Site Inductions | Yes | Yes | Yes |

* Exceptions: non-contestable suppliers (donations, fees to government/legal authority, Intercompany, membership and associations, taxes, expenses reimbursements), new spapers, utility fees, payment to restaurants from company card.

Category 1 Contractor

Companies or individuals engaged on temporary contracts to work within existing operations. May be filling a role on a temporary basis which is normally filled by Oyu Tolgoi employee.

This is a direct placement into the existing org structure of Oyu Tolgoi. These contractors are hired through a Temporary Employment agency or are consultants. Work is requisitioned and supervised/managed directly by the plant or functional area and the contractor provides personnel without supervision. The personnel are managed in all work aspects (including HSE) as if they were an OT employee. These personnel will have an organisation position approved in the org chart by HR.

Contractor Management FrameworkEffective Date:
01.09.2013Document Number:
OT-07-PRC-0001-ERev:
2**Category 2 Contractor**

Companies or individuals engaged for a discrete project which will be carried out in designated area that is separate from existing OT operations. These contractors are independent of the facility and are responsible to OT to carrying out their contracted work safely and in compliance with applicable OT and regulatory requirements.

The requirements for HSE will be defined as part of the contract (after agreement with contract owner and HSE)

Category 3 Contractor

Companies or individuals engaged under contract to carry out specific tasks or provide specific services that have a defined start and end date within existing operations. Contractors are supervised by their own company management to provide the services but managed daily under Oyu Tolgoi permit to work procedures and HSE requirements, typically alongside or in close proximity to Oyu Tolgoi employees

| Contractor Management Framework | | |
|--|-------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number : OT-07-PRC-0001 | Rev: 2 |

4 CONTRACTOR HSE MANAGEMENT PLAN

4.1 HSE Management Plan

Contractor's "Project/Operation HSE Management Plan" is the key management document to comply with HSE standards and procedures and other applicable requirements during implementation of the contractual works and services made with Oyu Tolgoi LLC.

Contractor's HSE Management Plan draft is developed during Mobilization phase of Contractor Management System and reviewed by OT HSE team prior to the work commencement. It shall be approved by OT Designated Manager and Contractor's Project Manager.

There are two templates for detailed and brief HSE Management Plan. At Planning and Preparation phase of Contractor Management System, OT Designated Manager shall determine if the contractor submits either HSE detailed or brief HSE Management Plan, in consultation with OT HSE team.

4.2 Documents

- Contractor Project HSE Management Plan (detail) template [OT-07-PLN-0001-D]
- Contractor Project HSE Management Plan (brief) template [OT-07-PLN-0002-D]

4.3 Review and Revision of HSE Management Plan

Contractor shall revise and update its HSE Management Plan or HSE Action Plan at following cases:

- When contract is amended.
- When scope of work is changed or additional works or services are provided.
- When it is determined to revise as result of risk assessment.
- To be revised and reviewed once a year even above changes are made.

5 MONITORING

5.1 Overview of Monitoring Requirements

The Monitoring measures that are to be implemented during the operations phase to assess compliance with RT Project Standards (see *Section 3.2: RT Project Standards*) are described in the section.

In the event that monitoring identified non-conformance with RT Project Standards, these will be investigated and appropriate corrective actions identified (see Element 14 Non-conformance incident and action management of the OT HSEC MS).

5.2 Key Performance Indicators

The Key Performance Indicators (KPIs) which will be used by OT to assess its performance with regard to Contractor Management are presented in .

| Contractor Management Framework | | |
|--|-------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number : OT-07-PRC-0001 | Rev: 2 |

Table 3: Key Performance Indicators – Contractor Management

Below.

Table 3: Key Performance Indicators – Contractor Management

| ID | KPI | Target | Monitoring measure |
|-----------|---|--|---|
| CM-KPI 01 | Number of HSE incidents where contractor directly related to essential factors* | Minimise and continued improvement in number of reported incidents | Number of reported contractor incidents per year |
| CM-KPI 02 | Number of recorded community grievances related to contractors | Minimise and achieve continuous improvement in number of reported grievances | Number of reported grievances related to contractors (liaise with RDSP who manage the complaints and grievance procedure) |
| CM-KPI-03 | All dangerous and hazardous goods and materials have an approved MSDS and this process is complied with by all contractors. | To ensure all materials and goods purchased, used within OT are in compliance with Element 7 | Review records |

*An incident is a single event or continuous/repetitive series of events that results in, or could have resulted in one or more of the following impacts: an occupational injury or illness; damage to physical assets (e.g. plant and equipment), the environment, process, product or reputation; disruption to a community; exposure to legal liability; security threat. It is evaluated both by its actual consequence and its maximum reasonable outcome for each area of impact.

5.3 Key Monitoring Activities

Contractor performance is monitored in accordance with the contract using Contract Management and Contractor Engagement process tools:

- Monitor the compliance against the Contractor HSE Management Plans and OT General Conditions for Goods and Services.
- Monitor their HSE and operational compliances through Performance Scorecard meeting on a monthly or other agreed frequencies for Site based contractors.
- Contract reviews / Supplier Partnership meetings (SPM)
- Insurance compliance.

| Contractor Management Framework | | |
|--|-------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number : OT-07-PRC-0001 | Rev: 2 |

- KPI compliance as specified in the contract.

Contractor performance monitoring is set out in individual contracts on the basis of a risk based approach.

6 TRAINING

6.1 Overview

All necessary training is provided as part of induction training (to provide general awareness) and job-specific training as necessary.

6.2 Induction Training

All employees of OT and Contractors working at OT will be provided with general induction, site specific induction and health, safety and environmental awareness trainings.

6.3 Job-Specific Training

All employees and contractors working at OT shall attend routine pre-start safety briefings.

OT Designated Manager shall verify that all contractor's employees are taken the required trainings as per Training Matrix before performing the specific tasks. The training attendance can be monitored through Performance Scorecard meeting facilitated by Contractor Engagement team.

6.4 Other Training Requirements

When appropriate, competencies in emergency response scenarios will be mandated for contractors.

7 AUDIT AND REPORTING

7.1 Internal Auditing

As outlined in Section 5.3, daily and period inspections will be carried out by leaders and operational area safety teams covering a broad range of health, safety and environmental aspects.

Any incidents identified during these inspections will be reported as per Element 14, OT Management System.

Any revisions to this Management Framework Procedure will be uploaded to the OT Portal to ensure that all OT personnel have access to the latest version.

Compliance monitoring will be completed on a periodic basis for on-site service providers coordinated by Procurement Department to ensure that OT is working with suppliers compliant to resource sector requirements. This will include monitoring of compliance to OT policies and local regulatory requirements considering HSE, Human rights & HR, business integrity & legal.

| Contractor Management Framework | | |
|--|-------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number : OT-07-PRC-0001 | Rev: 2 |

7.2 External Auditing

Conformance with this plan will be subject to periodic assessment by Rio Tinto corporate audit and assurance programmes and by Project Lenders.

7.3 Performance Reporting

The results of audits against this plan will be submitted to the OT senior management.

8 DOCUMENT CONTROL

| | |
|----------------------|---|
| File Name | OT-07-PRC-0001-E-Contractor Management Framework Procedure |
| Description | Procedures for management of contractors to ensure HS&E compliance for the site works |
| Original Author(s) | Contractor engagement team |
| Creation Date | 2013.09.01 |
| Approved By | Ivan Vella, VP Procurement & Infrastructure Development |
| Approval Date | 2013.09.01 |
| Change Record Number | # |

| Risk Ranking | Assessment Date | Risk Assessor | Review Schedule | Next Review Date |
|--------------|-----------------|--|-----------------|------------------|
| Moderate | 2013.09.01 | Enkhtuul Davaadorj, Central Contractor Management Superintendent | 2 years | 2021.07.20 |
| Moderate | 2019.12.21 | | | |

| Revision | Revision Date | Author(s) | Approved By | Revision Notes |
|----------|---------------|--|---|--|
| 1.0 | 2013.09.01 | Contractor Engagement team | Ivan Vella, VP Procurement & Infrastructure Development | Approved Version |
| 1.1 | 2013.11.23 | Munkhtsatsral. L | Ivan Vella, VP Procurement & Infrastructure Development | Corrected the number of reference documents and completed document control section. |
| 1.2 | 2015.05.20 | HSESC. Procurement, Contractor Engagement | Andrew Miller GM Infrastructure and Services | Periodic review Notice of Change 2015-014 |
| 1.3 | 2019.03.31 | Procurement | Shayne Eccles Leader Procurement | Periodic review Notice of Change 2019-005 |
| 1.4 | 2019.07.20 | HSE Erdenetsog Z, Munkhgerel Ts, Procurement Enkhtuul D, Tserendulam B | Derrick Hansen, GM Procurement | Rio Tinto Contractor and Supplier Requirement update Roles and responsibility update HSE Management Plan detailed requirement update Other minor changes to align to current process Document named as "procedure" |



| Contractor Management Framework | | |
|--|-------------------------------------|-----------|
| Effective Date: 01.09.2013 | Document Number : OT-07-PRC-0001 | Rev: 2 |

9. DOCUMENT APPROVAL

| Approved Date | Approver Name | Approver Signature | Company Seal Stamp |
|---------------|---|--------------------|--------------------|
| | Procedure Owner: Derrick Hansen, GM Procurement | | |
| | <u>Procedure Approver:</u> Armando Torres Chief Executive Officer, Oyu Tolgoi LLC | | |