



Oyu Tolgoi LLC

People and Organisation

Labour Management Plan

Labour Management Plan		
Effective Date: 2013.09.01	Document Number: HR-10-PLN-0001-E	Version: 1.5

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1 INTRODUCTION

1.1 Purpose

The purpose of this Management Plan is to:

- define the scope of the Management Plan and set out applicable management interfaces;
- define roles and responsibilities;
- outline the Project Standards applicable to this Management Plan;
- define Project commitments, operational procedures and guidance applicable to this Management Plan;
- define monitoring and reporting procedures, including Key Performance Indicators;
- define training requirements; and
- set out references for supporting materials and information.

1.2 Application

The requirements set out in this Management Plan apply to all Oyu Tolgoi activities including contractors (as appropriate and as defined in this Plan).

1.3 Commencement

This Management Plan applies from 1 January 2013.

1.4 Authority and Management

The OT Executive Committee approved this latest version of the Management Plan in January 2018.

The OT General Manager People and Organisation is the custodian of this Management Plan. This Management Plan may be reviewed on a two-year period or sooner to determine whether any changes or updates are required to the plan unless a more frequent update is required to reflect changing Project design or procedures. Any requests for changes to this Management Plan will be subjected to the appropriate review and approval processes as outlined in the Management of Change (MOC) procedure.

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2 SCOPE

2.1 Scope of this Management Plan

This Management Plan covers all OT activities including contractor activities (as appropriate and as defined in this plan). Implementation by contractors is addressed in the Contractor Management Framework (OT-07-PLN-0001-E).

2.2 Overlaps with other Management Plans

This Management Plan is part of the overall suite of Operations Management Plans developed for the OT and as described in the Environmental and Social Management Plan (ESMP) Framework (OT-10-PLN-0003).

This Management Plan is owned by the OT People and Organization Department and has overlaps and cross-linkages to a number of other Management Plans and Implementation Documents, including:

- the Contractor Management Framework (OT-07-PLN-0001-E), particularly in relation to the procedures for the selection, management and oversight of OT contractors related to labour management issues;
- the In-Migration Management Plan (OT-10-PLN-0007-E), particularly in relation to minimizing in-migration from speculative job-seekers, managing workforce behavior and improving local residents' employability.
- the Resettlement Action Plan (OT-10-PLN-0006-E), particularly in relation to provision of jobs and job training to eligible and interested herders;
- the Cooperation Agreement (22 April 2015)
- the Pastureland and Livelihood Improvement Management Plan (OT-10-PLN-0013-E), particularly in relation to minimizing the adverse impacts of OT workers and speculative job-seekers moving into the vicinity of Khanbogd soum that may have adverse impacts on pastureland.
- the South Gobi Supplier Development Policy (PR-06)
- the National Supplier Development Policy (PR-07).

The Labour Management Plan sets out the processes and procedures of OT related principally to OT personnel.

The following table provides a summary of the labor and employment mitigations are set out in ESIA.

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Table 1: Labor and Employment Mitigations in the ESIA and Where These May be Found in the Management Plans

Design, Enhancement or Mitigation Measures Set out in Chapter C9 of the OT ESIA	Project Reference
Targets for employing Mongolian nationals.	<ul style="list-style-type: none"> Labour Management Plan, L-KPI 01
Preferential recruitment for local and Mongolian residents.	<ul style="list-style-type: none"> Labour Management Plan, Section 5.1.2 - preferential local employment
Wide publication of vacancies during construction and operations.	<ul style="list-style-type: none"> Labour Management Plan, Section 5.1.2 - Information provision as part of recruitment process
Labour and skills census of South Gobi population and database.	<ul style="list-style-type: none"> Labour Management Plan, Section 5.1.2 - skills database
Dedicated local recruitment officers.	<ul style="list-style-type: none"> Labour Management Plan, Section 5.1.2 - Recruitment Staff
Promotion of women in employment.	<ul style="list-style-type: none"> Labour Management Plan, L-KPI 02 LMP, OT's code of business conduct "The Way We Work" - 5.1.3
Establish 2 new TVET colleges and contribute to refurbish 5 existing TVET colleges.	<ul style="list-style-type: none"> Completed
Job-readiness and other bridging training for local workers.	<ul style="list-style-type: none"> Labour Management Plan, L05, L06
On-the job and vocational training for construction and operations workforce.	<ul style="list-style-type: none"> Labour Management Plan, L05, L06, LMP 8.3
Non-mining employment and business development opportunities through micro credit loans and other schemes.	<ul style="list-style-type: none"> In-Migration Management Plan
Tailored working hours/shifts/rotations for local and Mongolian workforce.	<ul style="list-style-type: none"> Labour Management Plan, Section 5.1.6 - Work Rotations and Transport
Salary benchmarking surveys.	<ul style="list-style-type: none"> Labour Management Plan, Section 5.1.3 - Labour Remuneration

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Design, Enhancement or Mitigation Measures Set out in Chapter C9 of the OT ESIA	Project Reference
Contractors and suppliers required to meet HR/HSE and other applicable standards.	<ul style="list-style-type: none"> Contractor Management Framework, Embedded in contracts General terms and conditions (to all contracts) UG Employee Relations Management Plan (ERMP)
Regular audit of OT and contractors.	<ul style="list-style-type: none"> Labour Management Plan, Section 9 Contractor Management Framework - Section 7 Daily inspections and periodic auditing ERMP Section 37. Biannual or random audits of this ERMP. Regular (monthly, quarterly, annual) meetings with contractor and ends users. Special team and dedicated person for each contract in procurement team looking after contract implementation.
Advance planning and management of retrenchment and demobilisation.	<ul style="list-style-type: none"> Labour Management Plan, L04
International exchanges and secondments for employees to Rio Tinto operations.	<ul style="list-style-type: none"> Global Nomads Program Standard Rio Tinto career development process
Various training initiatives for local businesses, entrepreneurs, affected herders.	<ul style="list-style-type: none"> Livelihood Support Training Program Cooperation Agreement
Identification of Mongolian suppliers and service providers available regionally and locally, and maintaining a database	<ul style="list-style-type: none"> Supplier Development Policy (2016)
Prioritizing national, regional and local content of Project procurement.	<ul style="list-style-type: none"> Supplier Development Policy
Support and assistance for the development of local businesses.	<ul style="list-style-type: none"> Supplier Development Policy
Cooperation with banks to fund micro-credits for small and medium size businesses.	<ul style="list-style-type: none"> Supplier Development Policy

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Design, Enhancement or Mitigation Measures Set out in Chapter C9 of the OT ESIA	Project Reference
	<ul style="list-style-type: none"> • Cooperation Agreement
Establishing Supplier Development Centers.	<ul style="list-style-type: none"> • Supplier Development Policy
Provision of training and technical assistance programs and market access activities to the existing business operators in Project Area of Influence.	<ul style="list-style-type: none"> • Cooperation Agreement (schedule 9)
Priority access and additional support to herders and vulnerable people.	<ul style="list-style-type: none"> • Cooperation Agreement (schedule 8)
Encouraging the development of local agricultural businesses through targeted procurement.	<ul style="list-style-type: none"> • Supplier Development Policy
Provision of training to support workforce opportunities with other natural resources companies. (As the Project approaches closure)	<ul style="list-style-type: none"> • Supplier Development Policy
Deployment to other internal operations (Rio Tinto). (As the Project approaches closure)	<ul style="list-style-type: none"> • Standard Rio Tinto career development process

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3 ROLES AND RESPONSIBILITIES

3.1 Key Roles and Responsibilities for Management Plan Implementation

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

Table 2: Key Roles and Responsibilities

Role	Responsibilities
General Manager People and Organisation	<p>Overall responsibility for the implementation of the Plan.</p> <p>Overall responsibility for the management of Human Resources processes and training and development initiatives.</p> <p>Approval of this Plan and resources required for implementation.</p> <p>Planning personnel development strategy and strategic initiatives.</p> <p>Training and development of workforce.</p>
Human Resources Business Partner	<p>Plays a connecting role between the business and HR functions by improving alignment of HR and business by keeping close engagement with business leaders and partnering with them in regard to HR matters.</p> <p>The HRBP role focuses on providing support to the business across a range of HR processes, policies and programs. These activities include aiding in the design and implementation of appropriate HR tools and systems, organization and development of interventions and employee/labour relations queries and performing tasks across multiple functions of the business. This role works closely with all other areas of expertise in the HR function to deliver a strategic HR offering.</p> <p>Travel and Visa processing.</p> <p>Responsible for Performance and Talent management processes including Leadership development program</p> <p>Responsible for the business level workforce planning.</p> <p>Overall responsibility for management of salaries and benefits including monitoring market conditions and proposing changes to salary and benefit arrangements.</p>
Manager Labor and Employee Relations	<p>Management of Union relationship and interactions.</p> <p>Investigation, reporting and follow up of issues, complaints and</p>

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Role	Responsibilities
	<p>procedural breaches, including management of the workers' grievances process.</p> <p>Reporting to government and other bodies on compliance with commitments and on other occasions as required by legislation.</p> <p>Development, roll-out and maintenance of HR policies, procedures and standards.</p> <p>Monitoring HR compliance with standards and commitments.</p> <p>Monitoring the implementation of this plan and HR processes at OT.</p> <p>Monitoring of contractors on Labour and working conditions: for contractors and their adherence to the applicable policies and requirements /OT procedures, applicable Mongolian laws, and international standards (particularly those of the IFC, EBRD and ILO) Labour and Industrial Relations Risk assessment, registration, management.</p>
Principal Advisor Employee Relations and Strategy	<p>Provide support and consult HR team on employment and labour relation matters;</p> <p>Consult on individual relations matters to maximize the business' strategic engagement objectives;</p> <p>Consult on legal, compliance and internal HR policy matters;</p> <p>Provide support in handling external and internal audits;</p> <p>Provide support in maintaining relationships with external stakeholders.</p>
Superintendent HR Services and Support	<p>Overall responsibility for the recruitment and selection, governance of new employees.</p> <p>Ensuring compliance with Recruitment and Selection Procedure.</p> <p>Maintaining HR records/data and Processing HR transactions.</p> <p>Labour hire contract management</p>
Manager Training	<p>Responsible for developing strategies, deploying and monitoring training for surface operations of Oyu Tolgoi LLC, to provide necessary support to operations to meet safety, operational and compliance targets. Areas of oversight include HSE, High Risk, Operational training and Trades and Apprenticeship trainings. Training manager is responsible for implementation of programs to ensure sustainable development of OT and contractors' workforce.</p> <p>Responsible for the establishment and implementation of the learning and development programs and initiatives such as:</p>

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Role	Responsibilities
	Talent pipeline program Domestic and International scholarship program Youth development program Internship programs Graduate excellence path programs.
Manager Camp Site and Services	Responsible for ensuring OT site accommodation standards followed.
Line Leaders/Managers	Responsible for the application of Human Resources Policies, Procedures and Standards in respective teams. Responsible for day-to-day operation of respective teams, performance management and training.
All Employees	Be familiar with Human Resources Policies, Procedures and Standards through Induction and other company provided trainings and communications.

Individual roles and responsibilities related to Human Resources management and Training are set out in individual job descriptions.

3.2 Key Interfaces

Key interfaces in the implementation of this Management Plan (i.e. roles with responsibility for delivering elements of this Management Plan) include:

- General Manager People and Organisation, in relation to labour management.
- General Manager Health Safety, Environment, Security and Communities in relation to worker health and safety.

4 PROJECT STANDARDS

Applicable Standards must be complied with for all Project activities (the “Project Standards”). Project Standards comprise:

- applicable Mongolian Laws and National Standards;
- other commitments to and requirements of Mongolian Government authorities;
- applicable Lender standards and guidelines;
- Rio Tinto standards; and
- other industry guidelines with which OT has committed to comply.

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4.1 Applicable Mongolian Laws and National Standards

Labour Law of Mongolia (Labour Law), of July 1, 1999

The Labour Law sets out the rights and duties of employers and employees. The law covers many topics, including collective bargaining, collective agreements; collective and individual labour disputes, labour conditions, terms and conditions of work, liabilities for breach of the legislation, as well as gender equality at work.

Under the Labour Law, an employee has a number of rights, including the right to be provided with labour conditions that comply with health and safety laws and regulations, to receive payment for work rendered, to holiday, to freely assemble with other employees for the purpose of protecting his/her rights and legitimate interests including through representative organisations and collective agreements, to strike in certain circumstances, to receive a pension, to receive social insurance and “death in service” benefits and to other benefits as may be provided in employment and collective agreements.

Discrimination in the workplace based on nationality, race, gender, social origin or status, wealth, religion, or ideology is strictly prohibited, although women are prevented from undertaking certain forms of work as set out in separate regulations.

Under Article 101.1 of the Labour Law of Mongolia, “a list of work that women are prohibited to perform shall be approved by the Member of the Government responsible for labour matters.” Pursuant to this article of the law, the Minister of Health and Social Welfare promulgated a list of jobs prohibited to women and minors through order No. A/204 of 1999; however, this list has been annulled in 26 September 2008 by Ministry of Social Welfare and Labor Order No. 107. Therefore, currently there is no list approved by Government, and specifically, there is no restriction for women to work underground.

Pregnant women and women with children are protected from discrimination and are entitled to maternity leave. Parents with children under the age of three may take child care leave and employers must re-engage such employees on their return to work.

Workers’ rights are also protected through collective agreements, which may be concluded within professions or economic sectors and at the region, *soum*, *aimag*, or city level. Collective agreements also identify the social benefits to which workers are entitled. All such collective agreements must be registered with the applicable legislative body. A labour arbitration settles collective labour disputes and a court or commission settles individual labour disputes.

A number of employment related rules and regulations are in place, all of which are based on this ‘umbrella’ law.

Social Insurance Law of Mongolia, May 31, 1994

Under this law, employer must pay a social insurance premium¹ for an employee who works under an employment agreement, service agreement or work hire agreement.

¹ Social insurance premium includes premiums of pension, benefit, health, unemployment and industrial accident and occupational disease.

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Law on Sending Workforce Abroad and Receiving Labour Force and Specialists from Abroad, 12 April 2001

Business entity may conclude an agreement with a foreign legal body on receiving labour force and specialists from abroad; on jobs and professions requiring high professional skills for the purpose of introducing progressive techniques and technologies in science, education and production; dealing with new production and services, assembling, maintaining equipment and implementing projects. A business entity which is going to employ foreign citizens in advance shall receive a work permit from the Ministry in charge of labour. Information on expired and extended agreements must be duly prepared and submitted to the Ministry in charge of labour.

Law on Minimum Wages, 16 April 2010

An employee or an individual employing a citizen, on the basis of an employment contract or a non-employment contract, shall be obliged to pay basic pay and wages not less than the minimum rate fixed by Tripartite National Committee on Labour and Social Consensus.

Law on Trade Union Rights, 19 April 1991

Restrictions of citizen's rights and freedom, or discrimination against them with regards to membership or non-membership in trade unions are prohibited.

Law on Promotion of Gender Equality, 2 February 2011

This law defines the gender equality principles, including principles of equality, non-discrimination, government responsibility, gender mainstreaming, gender sensitive data and information: The following terms are defined in this law: gender, gender equality, gender stereotypes, gender discrimination (as well as direct and indirect), sexual harassment, gender-based violence, gender quota and etc. Discrimination by gender in employment and industrial relation, or the establishing limitation or privileges based on gender is prohibited.

An employer is prohibited from dismissing pregnant women or women on maternity leave.

An employer shall include measures allowing employees to combine family responsibilities with their employment obligation, including opportunity for giving birth, child care and health protection.

Law on Labour Safety and Hygiene, 22 May 2008

This law defines the state policy and main principle on labour safety and health. It establishes labour and workplace health and safety standards and conditions for employees and working citizens to work in a healthy and safe environment. Employers must organise training on labour safety and health not less than twice a year and include all employees.

Other relevant legal requirements include the following:

- *Listing of Employers to Pay 1.8 and 2.8 percent Insurance Deduction on Industrial Accidents and Occupational Diseases, Government Resolution number 142, 2008.*

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- *Regulation on calculations of social insurance premiums to be paid by the insured and composition and average amount of wage and similar revenue entitled to pensions and Allowances, Government Resolution number 212, 1994.*
- *Rules for registration and investigation of industrial accident and acute poisoning, approved by the Government resolution No: 269, 2015.*
- *The Cabinet Resolution on the rule for summarising working hour's No. 122, 1999.*
- *List of the Jobs and Occupations relevant to Underground and Labour Detrimental, Hot and Hard Conditions to Fix the Pension with Concession, Order No. 77 of 2004 of the Minister of Social Welfare and Labour.*
- *Health and Social Protection Minister's Order on the guidance for granting annual leave No.166, Annex 1, 2000.*
- *Supreme Court interpretation of some provisions of Labour law No.33, 2006.*

4.2 DEIA Requirements

There are no specific requirements in DEIAs and associated Environmental Protection Plans submitted for the OT Project directly related to labour.

4.3 Other Commitments to and Requirements of Mongolian Government Authorities

International Labour Organisation Conventions Ratified by Mongolia

Mongolia has ratified a wide range of International Labour Organisation (ILO) Conventions including the following ILO Core Conventions:

Fundamental:

- C029 Forced Labour Convention (1930)
- C087 Freedom of Association and Protection of the Right to Organise Convention (1948)
- C098 Right to Organise and Collective Bargaining Convention (1949)
- C100 Equal Remuneration Convention (1951)
- C105 Abolition of Forced Labour Convention (1957)
- C111 Discrimination (Employment and Occupation) Convention (1958)
- C138 Minimum Age Convention (1973) *Minimum age specified :15 years*
- C182 Worst Forms of Child Labour Convention (1999)

Governance (Priority)

- C122 Employment Policy Convention (1964)
- C144 Tripartite Consultation (International Labour Standards) Convention (1976)

Technical

- C088 Employment Service Convention (1948)

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- C103 Maternity Protection Convention (Revised) (1952)
- C123 Minimum Age (Underground Work) Convention (1965) *Minimum age specified :18 years*
- C135 Workers’ Representatives Convention (1971)
- C155 Occupational Safety and Health Convention (1981)
- C159 Vocational Rehabilitation and Employment (Disabled Persons) Convention, (1983)
- C176 Safety and Health in Mines Convention (1995)
- C181 Private Employment Agencies Convention (1997)
- C186 Maritime Labour Convention (2006)

Investment Agreement

As part of the OT *Investment Agreement (IA)* signed in October 2009 between Ivanhoe Mines (now Turquoise Hill Resources Ltd.), Rio Tinto PLC and the Government of Mongolia, the following commitments have been made in relation to the national content of employment, training, and health and safety at the workplace:

- *In accordance with Article 43.1 of the Minerals Law, not less than 90% (ninety per cent) of the Investor’s employees will be citizens of Mongolia.*
- *"... the Investor will utilize best efforts to work with entities that contract with the Investor to provide labour to the OT Project to ensure that:*
 - *for construction work during the Construction Period and Expansion Periods, not less than 60% (sixty percent) of the entities’ employees will be citizens of Mongolia; and*
 - *for mining and mining-related work, not less than 75% (seventy-five per cent) of the entities’ employees will be citizens of Mongolia.*
- *The Investor will use its best endeavors to maximize the participation on a competitive basis of qualified citizens of Mongolia as engineers for the OT Project and within 5 (five) years of the Commencement of Production the Investor must use its best endeavors to ensure that no fewer than 50% (fifty per cent) of its employed engineers, and within 10 (ten) years of the Commencement of Production that no fewer than 70% (seventy per cent) of its employed engineers, shall be citizens of Mongolia.*
- *The OT Training Strategy and Plan will focus on training skilled workers for the OT Project, training them for professions, and improving their vocational and professional skills applicable to the OT Project and mining in Mongolia generally and specifically in the Southern Gobi region.*
- *The Investor shall establish and maintain health and safety systems and procedures at the OT Project to ensure a safe workplace which complies with the Law on Labour Safety and Health and all applicable health and safety laws and regulations in Mongolia while complying with all requirements under the Labour Law, including in respect of collective bargaining.*

A detailed excerpt of applicable requirements from the Investment Agreement is provided in *Annex A* to this document.

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4.4 Applicable International Standards and Guidelines

The international standards which OT will implement are those set by the International Finance Corporation (IFC) and by the European Bank for Reconstruction and Development (EBRD).

IFC Performance Standard 2: Labour and Working Conditions

IFC Performance Standards set out a range of recommendations with regard to labour standards & working conditions (Performance Standard 2).² Performance Standard 2 is in part guided by a number of ILO and UN Conventions. Applying Performance Standard 2 will enable business operations in a manner consistent with core labour standards (child labour, forced labour, non-discrimination).

Key requirements include:

- providing workers with documented information that is clear and understandable, regarding their rights under national labour and employment law and any applicable collective agreements;
- providing reasonable working conditions and terms of employment;
- putting in place and implement policies on the quality and management of accommodation and provision of basic services;
- identifying migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work;
- where there are no viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce the adverse impacts of retrenchment on workers; and
- providing a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns.

EBRD Performance Requirement 2: Labour and Working Conditions

Under EBRD's Performance Requirement (PR) 2 "Labour and Working Conditions", proper human resources management, respect for workers' rights, including freedom of association and the right to collective bargaining, and protection of workers' health are key to the sustainability of an enterprise. Together with the IFC Performance Standard, Performance Requirement 2 embodies the core principles related to the abolition of child labour, the elimination of forced labour, and abrogation of discrimination related to employment (in line with ILO requirements). Management of non-employee workers, the process of retrenchment and grievances arising at the workplace are also covered by the standard.

4.5 Applicable OT and Rio Tinto Standards

A comprehensive Recruitment and Selection Procedure has been developed by the People and Organization Department and contains key recruitment processes.

1 International Finance Corporation's Performance Standards on Social & Environmental Sustainability, 2006. Performance Standard 2: Labour and Working Conditions.

2 European Bank for Reconstruction and Development (EBRD). Environmental and Social Policy, 2008.

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Further information on Labour management procedures can be found in *Section 5.1*.

4.6 Summary of Applicable Project Standards

OT will comply with the more stringent of national standards, applicable lender standards and applicable Rio Tinto Standards, with the more stringent standards representing the Project Standards.

5 MITIGATION MEASURES AND MANAGEMENT CONTROLS

A range of mitigation measures have been developed to manage risks and impacts identified in the Project ESIA in addition to the Management Controls. The key management controls are set out below together with references to documentation where further information on implementation is set out.

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Table 3: Key Management Controls

ID	Topic/ Aspect	Applicability/ Activity	Control Description	Responsible Parties	Means of verification
L0 1	Legal	Compliance	OT will implement policies and procedures to comply with the Labour laws of Mongolia, relevant IFC and EBRD Standards and Requirements and the core conventions of the ILO (as set out in Section 4). Compliance will be monitored through the Personnel Database and Records System.	OT People and Organization Department	Personnel Database and Records Systems
L0 2	Employment	Implementation of hiring procedures and OT Training Strategy and Plan	OT will implement policies and procedures to comply with all the labour relations, employment and training commitments as set out in the provisions of Chapter 8 of the Investment Agreement (IA). A copy of the applicable requirements of the Investment Agreement is attached as Annex A	OT People and Organization department; Finance and Procurement and Contracts Departments	Government reporting
L0 3	Employment	Implementation of HR policies and procedures	OT has approved and implementing the following HR related policies and procedures: Attract and Select: <ul style="list-style-type: none"> • HR-A1: Employment Policy • HR-A2.1: Recruitment and Selection Procedure Training: <ul style="list-style-type: none"> • HR-C3: Language Training Procedure • HR-C4: Trades Training Procedure Remunerate and Reward: <ul style="list-style-type: none"> • HR-D5.1: Service Recognition Procedure 	OT People and Organization Department	Policy and Procedure

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ID	Topic/ Aspect	Applicability/ Activity	Control Description	Responsible Parties	Means of verification
			<ul style="list-style-type: none"> • HR-D3: Working Conditions Procedure <p>Support:</p> <ul style="list-style-type: none"> • HR-D1.1 Allowance Procedure • HR-G2: Equal Employment Opportunity Policy • HR-G6.1: Hours of Work Procedure • HR-G1.1: Human Rights Guidance • HR-G1: Human Rights Policy • HR-G5.2: State Awards and Nomination Procedure <p>Manage:</p> <ul style="list-style-type: none"> • HR-H7.1: Camp Standard and Code of Behaviour • HR-ST-02: Drug and Alcohol Management Standard • HR-H4: Expatriate Code of Conduct • HR-H2.1: Grievance and Fair Treatment Procedure • HR-H.3.1: Leave Procedure • HR-C6: Internship Program Procedure • HR-H8: prohibited items and behaviors in underground mine • HR-H7: Safety Breach Procedure • HR-H1.1: Performance and Discipline Procedure <p>Exit of Employment:</p>		

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ID	Topic/ Aspect	Applicability/ Activity	Control Description	Responsible Parties	Means of verification
			<ul style="list-style-type: none"> HR-II.1: Separation of Employment Procedure <p><i>Information Note: As part of induction, workers and contractors are provided with training on the Camp Standard and Code of behaviors which sets out that OT will not tolerate gender-based violence</i></p>		
L04	Retrenchment	Implementation of retrenchment and closure procedures	OT will ensure that any Collective Redundancies will be undertaken within the framework of its Separation of Employment Procedure.	OT People and Organization Department	Regular policy and procedure audit
L05	Training	Ensuring access to employment for local residents	<p>OT will provide training for the local residents to ensure that OT has access to an appropriately skilled and trained workforce. This training may range from task specific on-the-job training to more formal vocational training, depending on the needs of the individual and OT. The standard to which OT expects tradesmen to be trained to is the highest of its kind; on many instances OT adopts international standards over national ones: for example, Australian Trade standards and other.</p> <p>The 5-year training plan as part of the Investment Agreement obligations for technical and vocational</p>	OT People and Organization Department	Employee records

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ID	Topic/ Aspect	Applicability/ Activity	Control Description	Responsible Parties	Means of verification
			training from 2011 to 2015 implemented.		
L0 6	Training	Ensuring access to employment for local workforce	In accordance with its annual training plan, OT will organise training of its employees to upgrade employees’ skills and provide further practical experience as required. Training needs are defined and implemented for each individual on an annual basis through individual training profiles as part of the Learning Management System.	OT People and Organization Department	Employee records
L0 7	Worker Accommodation	Accommodation standards	OT will manage camps in accordance with applicable Mongolian standards and the IFC/EBRD Guidance Note “Workers Accommodation Processes and Standards”.	OT Camp and Site Services	Inspection of worker accommodation areas

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5.1 OT Labour Management Principles and Practises

5.1.1 Key Labour Management Principles

1. OT is committed to ensure compliance of its own operations and those of any contractors or sub-contractors working at the Project with the provisions of the following:
 - The Mongolian Labour Law;
 - ILO Conventions 29, 87, 98, 100, 105, 111, 138 and 182;
 - IFC Performance Standard 2; and
 - EBRD Performance Requirement 2.
2. OT has specific policies in place intended to maximize beneficial impacts of the Project and to minimize or mitigate its potential adverse impacts:
 - Recruitment and Selection Procedure that prioritizes Mongolian citizens for employment, thus maximizing socio-economic benefits in communities closest to operations;
 - Camp Standard and Code of Behaviour and working with other stakeholders to minimize population in-migration and other potential workforce negative impacts; and
 - specific anti-discrimination policies and grievance management procedures.
3. OT's code of business conduct, "The way we work", includes the following requirements related to employment:

"We respect the rights and dignity of employees throughout our own operations and those of our business partners. Respect is central to a harmonious workplace, where the rights of employees are upheld and where their dignity is affirmed, free of intimidation, discrimination or coercion of any kind.

Therefore, we:

- *prohibit discrimination on the basis of race, gender, national origin, religion, age, sexual orientation, politics, or on the basis of any personal characteristic protected by law, yet retain the right of the Group to make exceptions to favour local employment where local laws provide;*
- *value diversity highly, and welcome employees from a wide range of cultures and races, as well as treating genders equally;*
- *forbid using inappropriate language in the workplace, including profanity, swearing, vulgarity or verbal abuse;*
- *do not allow coercion or intimidation in the workplace;*
- *oppose and do not permit the use of forced or child labour;*
- *recognize the right of all employees to choose to belong or not belong to a union and to seek to bargain collectively;*
- *implement equitable and transparent remuneration systems; and*
- *work to improve employment skills and competencies by regular performance reviews and undertaking education, training and coaching as appropriate.*

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Sexual or workplace harassment is not tolerated at Rio Tinto. Sexual harassment may include unwanted sexual advances, sexual jokes, subtle or overt pressure for sexual favors, sexual innuendoes, and offensive propositions. Workplace harassment includes threats, intimidation, bullying, and subjecting individuals to ridicule or exclusion.

Key management measures are presented below in a thematic order (hiring, terms of employment, anti-discrimination and grievances, workers' accommodation, unions and collective agreement, contractor and supply chain management).

5.1.2 Key Labour Management Measures

a. Hiring - Identifying Labour Needs

Forecasting workforce requirements in a systematic and timely fashion is important for the Project to ensure that sufficient time and internal resources are available to identify and find suitable local/regional candidates for all unskilled, semi-skilled and skilled positions. The process for identifying labour needs is detailed in OT's Recruitment and Selection Procedure.

OT Departmental and Contractor Managers generate employment forecasts for the relevant positions required for their teams. Departments are responsible for drafting detailed job descriptions, identifying whether the vacancies are categorized as skilled, semi-skilled or unskilled, and specifying the number of personnel required and the expected duration of employment.

A *Workforce Plan* is maintained by the People and Organisation Department to help forecast labour requirements and to undertake appropriate planning for the relevant recruitment and employment activities.

b. Recruitment and Hiring Procedure

OT has designed a range of policies and procedures designed to ensure that recruitment and hiring practices are fair and transparent, and that they take into consideration local conditions and expectations to the greatest extent possible.

Discrimination in relation to recruitment and employment on the grounds of race, gender, age, disability, sexual orientation, religious or political beliefs is not permitted under any circumstances.

A comprehensive Recruitment and Selection Procedure has been developed by the People and Organisation Department and contains key recruitment processes, including the following:

- identifying workforce and staffing requirements;
- developing and reviewing job descriptions in a standard template;
- posting internal and external advertisements for available job vacancies;
- initial screening by recruitment team to develop a short-list of suitable applicants;
- conducting initial interviews with short-listed candidates with the selection committee;
- conducting follow-up interviews of candidates by the selection committee;
- conducting skills and capability testing (where appropriate)
- conducting pre-employment medical checks;

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- performing reference checks; and
- processing the Employment Agreement for job placements.

Contractor companies are required to implement equivalent recruitment procedures and to have all associated documentation in place. OT will not hire staff members who are currently employed by contractors and subcontracted companies without prior agreement with that company's management.

Recruitment and hiring practices of contractors shall be monitored by OT LLC People and Organisation department.

c. Preferential Local Employment

In the process of employee selection, Oyu Tolgoi gives preference to local workers from the *soums* within the Project Area of Influence and South Gobi aimag. This is a key element of the In-Migration Management Plan. Dedicated recruitment officers maybe located at the neighboring soums. However, due to the large labour pool required by OT, some recruitment elsewhere in the Gobi regions, other regions of Mongolia and internationally is inevitable.

OT is working to provide South Gobi citizens with opportunities to obtain more highly-skilled roles within the Project through the provision of training. Periodic labour and skills census of South Gobi population maybe done to update the database.

d. Prohibition of Informal Hiring

OT LLC does not permit informal approaches at any site or office and all recruitment is managed through a formal process. To enforce this requirement, OT implements the following measures:

- OT and Project Contractors will recruit solely from the designated recruitment mechanisms and not via informal requests, approaches or solicitations from community members, relatives of the currently employed personnel and other job seekers, either in the camps or at work sites;
- all recruitment information distributed will clearly state that individuals appearing at the job site or at any other non-official recruitment venue elsewhere that have not been previously screened and approved by OT will not be hired;
- lists of "Preferred Individuals" will not be accepted; and
- OT does not employ or work with any informal mediation individuals who claim to recruit the workforce on behalf of the Company. There is no fee or payment involved when an application for a job with OT is made.

e. Information Provision as part of Recruitment Process

Dissemination of all recruitment advertisements is controlled by the respective employer, i.e. either OT (for direct recruitment to OT LLC) or Contractors. Recruitment procedures in relation to information provision include the following:

- vacancy announcements and advertisements must have appropriate approvals from OT;
- OT and its contractors will ensure that relevant announcements are made for all available vacancies;

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- means of information distribution include advertising of employment opportunities in the local daily newspapers, online resources (OT web-site³), recruitment fairs, the Ministry of Labour system, local TV channels, local job centers, community notice boards, advertisements in local places of social gathering, town/soum halls;
- the Communications Department is responsible for the public distribution of vacancy announcements and provides advertising support for the internet;
- Ensure that the local population in the Project Area of Influence is made aware of, and is able to respond to vacancies when they arise; employment opportunities are also discussed during regular community meetings;
- for specialist roles, professional recruitment firms may also be used.

Current vacancy announcements can be seen on the OT website (www.ot.mn). According to OT's Recruitment Privacy Statement all information provided by applicants will be treated with the strictest confidentiality and will not be disclosed or used for any other purpose than to assess the suitability of a person, except in as far as it may be required and permitted by law

5.1.3 Terms of Employment

a. Categories of Employment and Employment Eligibility

There are two main categories of employment as specified in Labor Law of Mongolia:

- At a permanent workplace – for an indefinite term - Permanent Employees; and
- By the parties' mutual agreement for a specified term - Temporary Employees (or Contractors).

All recruitment information and employment contracts will specify an employee category and duration of the employment term.

OT LLC has introduced the position banding system, defined in the relevant Human Resources documentation, which covers the range of skilled, semi-skilled and unskilled workers. Employee banding system designates the ranges of remuneration rates and other employment-related factors.

Basic eligibility requirements for applicants are as follows:

- all applicants must complete an application form and submit a cover letter detailing applicable experience related to the minimal (required) and desirable qualifications;
- applicants must be at least 18 years of age on the date of hire for all positions;
- preference is given to residents from the *soums* in the Project Area of Influence and South Gobi *aimag*;
- applicants must be medically cleared to be fit for work and role.

Citizens convicted of a criminal act by a legal court and currently serving their sentences are not eligible for appointment.

³ www.ot.mn ("Career" and "Current Vacancies" section).

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Procedures for verifying the age of relevant candidates will be implemented, including checks of personal identification documentation and birth certificates (or in the absence of such – applicable medical or registry records). No child or forced labor permitted. These requirements are strictly monitored.

b. Employment Agreements, Working Hours and Vacation

Employment agreements shall be in writing and may be for a fixed or indefinite term. All employees will receive a copy of their employment agreement, which will, as a minimum, address the following: job title, job duties, basic salary and labour conditions.

Working hours will be regulated in compliance with Mongolian Labour Law. All relevant attendance and leave requirements are set out in individual employment contracts and other relevant Human Resources documentation.

c. Labour Remuneration

All employees and contractors must be provided with an employment contract that clearly sets out their salary conditions and other allowances. They must be paid in accordance with this contract.

The salary scale for OT LLC employees is reviewed during annual salary benchmarking surveys. An independent company may be hired to conduct the surveys. These may then be used to recommend the salary levels at each band after reviewing the following factors:

- inflation and cost-of-living adjustments;
- market supply and demand conditions; and
- salary terms and conditions and benefit packages offered by competitors and other industries within Mongolia.

This process will ensure that market-competitive salaries and other benefit packages are offered to OT LLC employees at each salary level.

All citizens of Mongolia and foreign nationals employed by OT under an employment contract are covered by social insurance.

d. Termination and Retrenchment

All worker terminations will be performed strictly according to OT policies, which establish procedures to guide the retrenchment of employees should this process be required:

- at the time of hiring, the period of employment and the conditions for hiring and layoff will be clearly explained to new recruits and recorded in individual employment contracts;
- during regular meetings held with worker representatives, personnel management will share information on the Project's schedule and potential layoffs (particularly for temporary construction jobs);
- the Project intends to avoid Collective Redundancies (as defined in EBRD's PR2); and
- the Project is responsible for returning workers to the place from where they were recruited or to their domicile (the place of hire will be specified, and transport service or cost of transportation will be covered).

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Retrenchment and redundancy do not include the planned cessation of temporary employment, such as the demobilization of contractor workers at the end of their assignment.

Responsibility for further development of the retrenchment procedures lies with the People and Organization Department of OT LLC.

e. Collective Redundancies

Collective Redundancies are defined as follows (EBRD – Performance Requirement 2, para. 19, making reference to Article 1 of EU Directive 98/59):

“collective redundancies” means dismissals effected by an employer for one or more reasons not related to the individual workers concerned where the number of redundancies is; over a period of 30 days:

- at least 10 in establishments normally employing more than 20 and less than 100 workers,
- at least 10 % of the number of workers in establishments normally employing at least 100 but less than 300 workers,
- at least 30 in establishments normally employing 300 workers or more.”

In the event that Collective Redundancies as defined above cannot be avoided, they will be managed as follows (these requirements apply to both OT and Contractors or Sub-Contractors):

- 45 days’ notice of retrenchment will be given to employee representatives.
- The amount of severance pay will be agreed in consultation with employee representatives.
- Severance will be paid in the amount of: either one month’s pay as a minimum, or the amounts agreed in consultation with employee representatives.
- Selection criteria for those to be retrenched may consider the following:
 - length of service;
 - knowledge;
 - skills assessment results;
 - disciplinary record;
 - performance record;
 - absence record;

(Expectations of Contractors are set out in the Contractor Management framework and are defined on a contract by contract basis).

- A formal Retrenchment Plan may be prepared and may include the following sections:
 - The reasons why job losses are necessary;
 - The timescale;
 - Who will be consulted;
 - How employees will be selected;
 - How alternative jobs will be sought;
 - What measures are in place to assist those losing their jobs to seek new work; and

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- How severance pay will be calculated
- How broader community impact issues are to be addressed.
- Any proposed Collective Redundancies as defined above shall be notified in advance to lenders. Notification will include the reason for the proposed retrenchment, the expected number of workers affected, and the time frame.

5.1.4 Anti-Discrimination Policies and Grievance Management

a. Fair Treatment Approach

OT is enforcing a comprehensive “Equal Employment Opportunity Policy” (HR-G2) that covers the entire workforce. This policy ensures that all employees are treated fairly, with dignity and respect, and have equal employment opportunities.

The system also includes ”Human Rights Guideline” Policy (HR-G1.1) and “Grievance and Fair Treatment Procedure” (HR-H2.1), which provides employees with an authorized process for raising concerns to senior management, covering any issues that are work related, that affect an employee or contractor, or that an employee deems unfair. Such concerns may relate (but are not limited) to the following:

- the decision of a leader
- the behavior of another employee, leader, or contractor; and
- the application of a company policy.

OT will ensure that all issues raised by employees under the “Grievance and Fair Treatment procedure” are treated earnestly, impartially, respectfully, and confidentially. Employees are kept apprised of the progress of the grievance and the process ensures strict timeframes for resolution.

Employees are informed of Grievance and Fair Treatment Policy and a "Speak-out" program at their induction. The “Speak-out” program and OT’s code of conduct “The way we work” covers both employees and contractors.

5.1.5 Workers Accommodation and Transportation

a. Workers Housing

During the construction phase, workers will live in either purpose-built camp accommodation on site and travel to work on a bus-in/bus-out (BIBO) basis. Workers who are locally resident in Khanbogd will be transported to the mine on a daily basis where they work on a rotational shift basis in common with all other workers.

OT dedicated one building block for married couples at OT site.

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b. Worker Accommodation

OT Camps are managed in accordance with applicable Mongolian standards and the guidance contained in the IFC/EBRD Guidance Note “*Workers Accommodation: Processes and Standards*”. The key elements of the standards are as follows:

- Climatic aspects: given the extreme weather conditions that may occur at site, accommodation is provided with heating in winter and ventilation or air conditioning in summer so that the inside temperature is constantly kept around 20°C.
- Drinking water: is provided in sufficient quantities at all times, either from regular taps if drinking water quality can be ensured or in bottles.
- General hygiene: pest extermination, vector control and disinfection are carried out throughout the living facilities on site as required and pests and vectors are monitored on a regular basis.
- The following standards apply for accommodation and sanitary facilities:
 - not more than three workers accommodated in the same room, with separate beds for each worker, partitions to ensure privacy and a minimum distance of one meter between beds;
 - not more than one worker per five square meter (surface) and one worker per ten cubic meter (volume);
 - 100 liters of water per worker per day are available in average for personal hygiene purposes. This water is drinking water quality unless explicitly marked otherwise;
 - one hand wash sink per ten persons;
 - one toilet per ten persons;
 - one urinal per fifteen persons;
 - one shower per ten persons;
 - regular cleaning of soil and sanitary facilities and regular washing of bed linen; and
 - separate storage provided for boots and PPE.
- Gender separate sleeping areas; and separate sanitary facilities are provided for men and women.
- Comfort, culture and recreation:
 - facilities for the storage of workers’ personal belongings are provided;
 - facilities are available for observance of religion as defined in consultation with workers’ representatives;
 - television and internet are provided in accommodation and dedicated facilities, including access to Voice Over Internet Protocol based software allowing inexpensive phone calls (Increased Wi-Fi network bandwidth to the current maximum level supported by the installed infrastructure across Oyut, Manlai and Power camps in 2018); and
 - Fitness and recreational facilities are provided.
- Safety:
 - both natural and artificial lighting are provided and maintained in living facilities. Emergency lighting is provided; and

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- extinguishers are provided and fire emergency procedures are in place, with trained fire wardens in each accommodation block.

5.1.6 Camp Standard and Code of Behaviour

OT has established a Camp Standard and Code of Behaviour (HR-H7.1) for all personnel to maintain good camp relations, and to guide all personnel with expectations of professional behaviour at the Project.

Employees and contractors at the camp will be provided with a copy of the Standard and code prior to residing at the camp, and they are required to sign an ‘Acknowledgement and Agreement’ form, stating that they understand and will abide by the Standard and code. Copies of the Standard and code of behaviour are also be made available at site. The Standard relates principally to on-site behaviour and also to interaction with the local communities.

a. Work Rotations and Transportation

The current plan for work rotations and transportation requirements can be summarized as follows:

- Mongolian workers recruited and employed from Khanbogd *soum* work on 4 days on 4 days off roster or on a day-shift and night-shift basis and transported (i.e. daily commute) by bus (Bus-In Bus-Out (‘BIBO’)) from site and to Khanbogd *soum* center.
- Mongolian employees recruited and employed on a “non-local” basis work on a range of different roster patterns and based in camp on site during their ‘on’ weeks. These employees will either Bus-In Bus-Out BIBO or Fly-In Fly-Out (FIFO), depending on the distance, to their home *soums*/or other locations for the home leaves, i.e. for the ‘off’ weeks.
- Expatriate workers and OT management will be based at the on-site camp and will FIFO to their home countries or to Ulaanbaatar on a roster-based rotation, working 12 hours per shift (or other nominated roster).

5.1.7 Unions and Bargaining

a. Unions and Workers Representation

OT endeavors to work in good faith with trade unions and any other bodies that employees collectively choose for their formal representation. OT has had a registered employee Trade Union since August 2010. Some contractor workforces are also unionized.

To this effect, OT has a range of policies in place and will implement, at minimum, the following:

- the Project will not seek to prevent by any means whatsoever the formation of trade unions or any other legally-established worker group(s);
- OT and its contractors will comply with Mongolian Labour Law and ILO and other applicable international requirements concerning relations with authorized labour organizations and workers’ representatives;
- in the case of a stoppage of work or strike, OT will ensure that relevant managers, contractors and other parties are informed promptly so that appropriate engagement and action can be undertaken to resolve the issue;

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- in the event of stoppage or strike, OT will arrange meetings with designated labour/worker representatives to determine the cause and to discuss and agree on resolutions; and
- If necessary, the relevant requirements of the Labour Law will be exercised, including using legal mediation and other means of arbitration.

b. Collective Agreement

The right to negotiate collectively at different levels (including sector and enterprise) is recognized under Mongolian Labour Law. In collective bargaining, workers will be represented by a trade union or, if there is no trade union, by representatives elected from a meeting of employees. If, in the future, there are multiple trade unions that are relevant to collective bargaining negotiations, the unions are required to form a single negotiating body with participation relative to the proportion of workers that they represent.

Collective agreements will be negotiated, registered, and renegotiated as required, with an adequate period of notice in compliance with relevant Mongolian Law.

5.1.8 Management of Contractors and Supply Chain

a. Management of Direct Contractors

Contractors and Sub-Contractors working at OT sites shall comply with all OT standards and requirements (as appropriate and as defined in this plan and as set out in contractor contracts). OT ensures that contractual provisions reflect these requirements. Compliance by Contractors and Sub-Contractors will occur either by adopting OT policies and procedures or by implementing their own equivalent procedures that are approved by OT.

The contractor workforce may be accommodated in a separate accommodation camp. OT and the contractor will approve the sub-contractor camp design and accommodation facilities to ensure that they meet applicable OT standards for worker accommodation. Labour and working conditions for contractors and their adherence to the applicable policies and requirements will be monitored.

Compliance verification will be used to assess contractors' performance against OT procedures, applicable Mongolian Law, and international standards (particularly those of the IFC, EBRD and ILO). Audits may be conducted directly by OT or by authorized government inspection agencies.

The focus of Contractor monitoring will be on ensuring that employment arrangements do not contravene applicable Mongolian Law or international standards and on monitoring the working and living conditions at Project work sites and in the worker accommodation camps.

b. Supply Chain Management

OT has established a comprehensive set of Procurement Principles and Policies which sets out a range of expectations and commitments, relating to how business will be conducted between OT and its suppliers. All suppliers expected to comply with the Mongolian labour standards, with the applicable standards of the ILO and with applicable human rights standards including the standards stipulated in *the Voluntary Principles on Security and Human Rights, Security Personnel Requirements* of the IFC Performance Standard 4 and the EBRD's Performance Requirement 4.

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Selected supplier standards include the following:

- **Supplier Standards for Employment:** As a minimum, the OT suppliers are required to maintain and implement policies to comply with Mongolian laws and regulations, and prohibit the employment of forced, bonded or child labour, with a process for assuring compliance.
- **Supplier Standards for Human Rights:** As a minimum, the OT suppliers are required to maintain and implement policies that respect basic human rights and dignity, without distinction on any basis, including the rights to life, liberty, and security of person, freedom from slavery and cruelty, and equal protection under applicable Mongolian and International laws and constitutions and a process to assure compliance.
- **Supplier Standards for Health and Safety:** As a minimum, the OT suppliers are required to maintain compliance with all Health, Safety and Environment (HSE) requirements of OT and to demonstrate strong organizational commitment to responsible HSE management and the elimination of workplace injuries and illnesses, with a process for obtaining assurance on compliance with those policies, both internally and externally, by regular audits, reviews and reports.
- **Supplier Standards for Community Relations:** As a minimum, the OT suppliers are required to demonstrate organizational commitment to responsible and productive community relationships. Suppliers will commit to this standard by maintaining business relationships that will have a positive and enduring effect on the local communities and neighbors affected by OT’s operations.

OT requires that all suppliers pay specific attention to the management of their subcontractors. All subcontractors must be approved in writing by OT Procurement team and must meet the strict HSE and quality requirements of the contract. Subcontractors failing to comply with OT safety requirements will be prevented from future work on the OT Project and its associated businesses if they cannot meet the requirements set out above after being requested to bring their procedures into compliance.

c. Contractor Verification Process

Labour and working conditions for contractors and their adherence to the applicable policies and requirements will be monitored through a periodic vendor audit process led by the Procurement and People and Organization Department of Oyu Tolgoi LLC. Compliance verification covers recruitment, hiring and employment practices, as well as working conditions and training within OT Departments and for all key Contractors.

Compliance verification will assess OT and Contractors performance against OT procedures, Mongolian Law, and international standards (particularly those of the IFC, EBRD and ILO). Compliance verification may be conducted directly by the OT Audit Department or externally by third parties hired by OT for this function.

OT will conduct at least yearly audits of its own Departments. Written reports will be prepared describing the findings of audits undertaken and a mechanism developed for implementing any corrective actions required.

People and Organization Department completed 21 audits in 2019 that cooperating with Engineering Procurement Contracts Management (Worley) Company and Procurement Department.

d. Post Mining and Workforce Demobilization

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At the end of the commercial life of the Project, it is likely that OT workers will have become an established part of the community in the South Gobi region. Due to the extended life of the Project, no specific plans or forecasts have been made as yet concerning workforce demobilization.

OT will help its local workforce to transition from an operating mine into the post-closure period, specifically to deal with the impacts of loss of employment and discontinuation of other spin off revenue to local businesses and to governments through taxes. Further details are provided in the Mine Closure Plan (OT-10-E9-PLN-0002).

The People and Organization Department will work closely with government and private recruitment and training agencies to establish career transition or employee mitigation programmes to ease the impact of closure. Regular community and employee consultation will be critical in establishing the best adjustment programmes to transition effectively from an operating mine to the post closure period, while maintaining local sustainable development.

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6 IMPLEMENTATION SCHEDULE

6.1 Review and Revision of this Management Plan

This Management Plan may be reviewed every two years or sooner and any necessary revisions made to reflect the changing circumstances or operational needs of OT.

If material changes to operating procedures are required, this Management Plan may be updated on an “as required” basis.

Any revisions to this Management Plan will be uploaded to the OT Portal to ensure that personnel have access to the latest version of this Management Plan.

The latest version of the management plan was updated on February 2020.

6.2 Key Implementation Milestones for the Labour Management Plan

The following milestones are based on the 5-year Training Plan agreed with the Government of Mongolia in 2010, as part of OT’s Investment Agreement obligations. The Plan provides the framework for technical and vocational training used to ensure that OT has access to an appropriately skilled and trained workforce.

Table 4: Key Implementation Milestones

Activity	Target Date	Outcome
Support to tertiary mining education curriculum development and support the implementation of the Memorandum of Understanding between the school of mining engineering of American University of Mongolia and OT LLC.	5 years from commencement of operations	No fewer than 50 per cent of OT employed engineers are Mongolian nationals
Continued support to tertiary mining education curriculum development and support to the school of engineering of American University of Mongolia.	10 years from commencement of operations	No fewer than 70 per cent of OT employed engineers are Mongolian nationals
2011 -2015 Five-year training strategy and plan implementation	Five years from commencement of operations	Completion of plan implementation

7 MONITORING

7.1 Overview of Monitoring Requirements

The Monitoring measures to be implemented during the operations phase to assess compliance with Project Standards (see *Section 4: Project Standards*) are described in this section.

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

7.2 Key Performance Indicators

ID	KPI	Target
L-KPI 01	% of Mongolians in the workforce	As per the terms of OT Investment Agreement: <ul style="list-style-type: none"> • 60% of workforce to be Mongolian employees during Construction and Expansion (for contractors) • 75% of workforce to be Mongolian employees for mining and mining related work (for contractors) • 90% of workforce to be Mongolian employees for OT LLC.
L-KPI 02	% of women in the workforce	<ul style="list-style-type: none"> • Strive to keep the current level of women employed at OT
L-KPI 02	Number of grievances closed out within the target timeframe	<ul style="list-style-type: none"> • Worker grievances closed out within the target timeframe of one month that set in the relevant procedure and it can be extended for another month as per the local regulation. For the speak out cases, depending on the nature and complexity of the issues to be investigated, duration may be longer. •

7.3 Key Monitoring Activities

Monitoring will focus on the following activities:

- the employment and development of Mongolian nationals and those local to the Project Area;
- ensuring discrimination and harassment is not taking place;
- worker/management relations and worker grievances;
- health and safety; and
- worker accommodation, particularly in relation with applicable Mongolian standards and the guidance contained in the IFC/EBRD Guidance Note “Workers Accommodation. Processes and Standards”.

Table 5: Key Monitoring Measures

ID	Topic/Aspects	Methods	Periodicity	Location
LMPm01	Employment	Analysis of records of male/female workforce ratio, including those in managerial positions (supervisors and	Annual	OT site UB Headquarters

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ID	Topic/Aspects	Methods	Periodicity	Location
		above)		
LMPm02	Employment	Number of worker grievances submitted, processed and resolved,	Annual	OT site UB Headquarters
LMPm03	Training	Number of scholarships granted	Annual	OT site
LMPm04	Training	Personal training completion profiles	Annual	OT site UB Headquarters
LMPm05	Policy Implementation	Number of cases of discrimination or harassment reported	Biannually	OT site UB Headquarters
LMPm06	Policy and Procedure Implementation	Worker accommodation audits against IFC and ILO standards	Biannually	OT site
LMPm07	Policy and Procedure Implementation	Review of procedure implementation records	Annual	OT site UB Headquarters

8 TRAINING

8.1 Overview

OT Training Strategy for surface operations.

The *Training Strategy and Plan* sets out the vision for training and development of Mongolian workforce and the proposed actions and commitments for each of the phases of the strategy. This plan was submitted to the Government of Mongolia in the 3rd Quarter 2010 and has been approved. The OT People and Organization Department is responsible for implementing the training strategy and plan.

The *OT Training Strategy and Plan* is divided into three Phases. These areas are not discrete, but can be started concurrently and integrated over time as necessary:

- **Immediate** 1-2 years (Phase 1): Phase 1 of the Training Strategy is to develop a competency-based, integrated, personnel-development training system. Status: Completed
- **Provision for start-up** 3-5 years (Phase 2): Phase 2 of the Training Strategy is to focus on implementing the systems and infrastructure required to enable Mongolian employees to work in operations roles at the commencement of production of the OT Project. Status: Completed for surface operations and ongoing for Underground

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- **Long term** 6-10 years (Phase 3): This last phase is to move the training strategy to full implementation and maturity, including a fully functioning training framework with the processes, tools, infrastructure, and staff to support a growing mining operation for the life of the mine. Status: Ongoing

The key principles and aims of the OT Training Strategy include:

- development of the South Gobi regional and national employment and recruitment program with an emphasis on community-based involvement and government support;
- effective communication of training objectives to all key Project’s stakeholders in Mongolia;
- close partnership with relevant government agencies;
- strong appreciation for community engagement and respect of universal human rights, including by all the Project Contractors and key suppliers participating in local employment and training programmes.
- prepare the workforce to be able to perform capabilities associated with the growth and expansion of OT.

8.2 South Gobi regional employment program

As part of OT’s commitment to support South Gobi aimag employment and skills improvement set forth in Cooperation Agreement between Oyu Tolgoi and its partner communities (April 22, 2015) OT has been continuing training of local citizen. OT’s Pre-apprenticeship and Work readiness programs planned for Khanbogd and Dalanzadgad residents in 2018 provided trades and other forms of trainings (license, business readiness, soft skills etc.) to South Gobi residents with the aim to improve employability skills.

The pre-employment program, the short-term trainings aimed to train local unemployed people to acquire basic employability skills and practical experiences in the most demanding occupations based on a consultation and cooperation with the local labour office. Over 170 locals involved in pre-employment program between 2017-2020 and received nationally recognized competency certification.

The pre-apprenticeship program runs up to one year and aimed to provide mining related trades qualification to locals, and between 2017-2020 in total of 143 locals involved in the program and all obtained Australian trades qualification CERT II.

The apprenticeship program is the two years of on-the-job training and 65 graduates from pre-apprenticeship program selected to work at OT as an apprentice and completed CERT III qualifications.

8.3 Job-Specific Training

Individual Training Profiles

For each worker, a personal Training Profile is developed on an annual basis which sets out mandatory training requirements, job-specific training requirements and any other career development training identified.

Business-Wide Training Plan

Individual Training Profiles are aggregated to prepare the business-wide Training Plan. Workforce training is undertaken and coordinated through the business-wide Training Plan.

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As outlined above, job-specific training depends on the requirements of specific roles and the qualifications and experience of each worker. This is summarised in the personal Training Profile developed for each worker and maintained on a database by the People and Organization Department.

OT's Talent and Capability Strategy (endorsed in March 2017) enables the implementation of targeted programs to the identified segments of the workforce. The programs and activities targeting future leaders will focus on development of national leaders at managerial and GM levels in combination with RT offered leadership programs. Programs and capacity building initiatives for high value talents will be primarily targeted to further improve leadership skills and capability development, especially in the areas like UG technical capability, commercial and operational excellence, asset management and HSE.

"School to job" pathway programs are the key initiatives targeting our future talent starting with the Youth Development Program to the Graduate Excellence Path Program. The implementation of various talent and leadership programs will be supported and validated by robust tools in order to provide continued and improved outcomes. The core of the Strategy is the empowerment of employees as well as ownership and accountability for their own professional development.

8.4 OT Expansion Project (OTEP)

Project Execution Plan (OT2-0000-PMT-PLN-00013) for the Oyu Tolgoi Expansion Project (Underground) outlines key initiatives that have been completed and are currently being progressed.

8.4.1 Competency Levels and Training Needs

Specialised training is provided to those completing tasks with significant associated HSE risks, with training programs also being produced to address each of the Rio Tinto HSE Performance Standards. Specialized training is also provided by external service providers for specific subject areas (e.g. radiation management), with these requirements being outlined in a training needs analysis in accordance with Training, Competency and Awareness (OT-06-PRC-0001-E) Procedure as defined by Leaders and the HSE Division.

All employees and contractors working at OT shall attend routine toolbox safety briefings.

Procurement Department staff will be provided with contract management training and other job-specific training that may be required.

As part of the Contractor Engagement process, worker qualifications and training records will be gathered from the Contractor to verify competency and manage staff competency.

Training records are entered into RTBS and copies of qualifications (where applicable) are filed with the employee personnel files. Specific HSE training and awareness programs are identified in the HSE Training database, which forms part of the RTBS. An annual OT training and development schedule is developed to highlighting competencies required for activities with significant HSE risks.

8.4.2 Minimum Environmental and Social Training Requirements

Minimum environmental and social training requirements are set out in each respective Management Plan. In addition, training requirements for contractors are defined as part of the Contractor Engagement process.

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8.4.3 HSE Training Programs and Delivery

HSE training programmes and delivery are set out in the follow procedures and documents:

- Training, Competency and Awareness Procedure (OT-06-PRC-0001-E);
- HSE Training Database; and
- OT Training and Development Schedule.

9 AUDIT AND REPORTING

9.1 Internal Auditing

Conformance with this plan will be subject to internal inspection and audit on an annual basis.

Any incidents identified during these inspections will be reported as per Element 14 of the ESMP Framework Document.

Conformance will be monitored via annual internal audit program as per Element 16 of the ESMP Framework Document.

9.2 Contractor Auditing

Contractors will be subject to inspection and audit by OT prior to a contractor's initial appointment and then on a periodic basis as outlined in the Contractor Management Framework.

9.3 External Auditing

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

In addition, OT is subject to frequent and unannounced inspections of Human Resources systems, procedures and compliance with the Labour Law and the Investment Agreement by a range of Mongolian agencies including the Human Rights Commission of Mongolia, State Specialised Inspection Agency and the Social Insurance Authority.

9.4 Record keeping

Rio Tinto Business Solution (RTBS) shall be used to record Internal and External Audit findings and related actions and Incidents.

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10 DOCUMENT CONTROL

File Name	HR-10-PLN-0001-E-Labour Management Plan	
Description	Operations Phase Labour Management	
Original Author(s)	Michael Beck, OT Vice-President for Human Resource	
Creation Date	2013.09.01	
Approved By	OT Executive Committee	
Approval Date	2013.09.01	
Change Number	Record	##

Risk Ranking	Assessment Date	Risk Assessor	Review Schedule	Next Review Date
High	2013.09.01	Michael Beck, OT Vice President for Human Resource & Capability Development	Annually	2016.05.20

Revision	Revision Date	Author(s)	Approved By	Revision Notes
1.0	2013.09.01	Michael Beck, OT Vice President for Human Resource & Capability Development	OT Executive Committee	Approved version.
1.1	2013.11.23	Munkhtsatsral L.	OT Executive Committee	Corrected reference document numbers and completed the document control section
1.2	2015.05.20	Mahoney D’Alterio, Nadia Sodnom Benjamin Briggs	GM People and Organization	Period review NOC 2015-008
1.3	2018.10.19	Nadia Sodnom Laura Thomas	GM People and Organization	Periodical review New KPIs introduced (gender equality promotion and grievance resolution); legal compliance update NOC 2018-006
1.4	2019.11.22	Nadia Sodnom Laura Thomas	GM People and Organization	Periodical review
1.5	2020.02.14	Nadia Sodnom Laura Thomas	GM People and Organization	Periodical review Changes made in the principal roles and responsibilities

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11 SUPPORTING ANNEXES

Annex A: Applicable requirements from the Investment Agreement

Chapter Eight: Labour Relations, Employment and Training

8.1. The Investor and its Affiliates shall comply with the provisions of relevant labour, employment and social security laws and regulations of Mongolia. In implementing its remuneration policies, the Investor will ensure fair wages and equal remuneration for work of equal value.

8.2. During the term of this Agreement, the Investor and its Affiliates and the Government will cooperate to ensure that there is a suitably qualified OT Project Workforce available to meet the timeframe of the OT Project.

8.3. A citizen of Mongolia, foreign nationals, and people without citizenship, employed by the Investor under a contract must be covered by social insurance as required by law.

8.4. In accordance with Article 43.1 of the Minerals Law, not less than 90% (ninety percent) of the Investor's employees will be citizens of Mongolia.

8.5. In accordance with Government Resolution Number 286 dated 16 September 2009 making amendment to the Annexure of Resolution Number 59 of 2009 on establishing the quota of work force and professionals to be received from abroad in 2009 made under the authority of the Law on Sending Labour Force Abroad and Receiving Labour Force and Specialists from Abroad, the Investor will utilize best efforts to work with entities that contract with the Investor to provide labour to the OT Project to ensure that:

8.5.1. for construction work during the Construction Period and Expansion Periods, not less than 60% (sixty percent) of the entities' employees will be citizens of Mongolia; and

8.5.2. For mining and mining-related work, not less than 75% (seventy five percent) of the entities' employees will be citizens of Mongolia.

8.6. If the Investor provides employment and income earning works and services to several foreign nationals within the specified percentage set forth in Clause 8.4, it shall pay a monthly workplace charge of twice the minimum monthly wage established by the Government for each foreign national to the Employment Promotion Fund.

8.7. If the Investor employs more foreign nationals than the specified percentage set forth in Clause 8.4, the Investor shall pay a monthly fee of 10 (ten) times the minimum monthly salary for each foreign national in excess of the specified percentage.

8.8. After the payment referred to in Clause 8.7 has been submitted to the budget of the relevant *soum* or district under Article 43.3 of the Minerals Law a portion of this fee shall be allocated to be spent on the OT Training Strategy and Plan specified in Clause 8.13 to train citizens of Mongolia to upgrade their skills or

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learn new skills in accordance with the rules established by the Citizens Representatives Khural of the relevant *soum* or district.

8.9. Breaches of the labour quotas set out in Clauses 8.4 and 8.5 shall not constitute a breach of this Agreement and Clause 10.7 shall not apply.

8.10. The Government shall provide support requested by the Investor to facilitate and expedite the granting of all Permits necessary for the engagement of such foreign nationals of the OT Project Workforce.

8.11. The Investor will use its best endeavors to maximise the participation on a competitive basis of qualified citizens of Mongolia as engineers for the OT Project and within 5 (five) years of the Commencement of Production the Investor must use its best endeavors to ensure that no fewer than 50% (fifty percent) of its employed engineers, and within 10 (ten) years of the Commencement of Production that no fewer than 70% (seventy percent) of its employed engineers, shall be citizens of Mongolia.

8.12. Within 90 (ninety) days after the Effective Date, the Investor will submit to the Government for public release a detailed and comprehensive 5 (five) year Mongolian nationals training strategy and plan for the OT Project (“OT Training Strategy and Plan”).

8.13. The OT Training Strategy and Plan will focus on training skilled workers for the OT Project and training them for professions, and improving their vocational and professional skills, relevant to the OT Project and mining in Mongolia generally and specifically in the Southern Gobi region.

8.14. The Investor shall, in accordance with its annual training plan:

8.14.1. organise training of its employees at its Core Operations to upgrade employees’ skills and provide further practical experience;

8.14.2. train employees in line with the Investor’s short and mid-term human resource plans; and

8.14.3. upgrade selected employees’ qualifications by enrolling them in studies inside or outside Mongolia on a contractual basis to further upgrade their professional qualifications.

8.15. The Investor shall establish a graduate scholarship programme for assisting in the education of Mongolian nationals in mining related disciplines, with an emphasis on engineering related disciplines, within which scholarships over a 6 (six) year period from the Effective Date will be granted to 120 (one hundred and twenty) students studying at Mongolian universities and to 30 (thirty) Mongolian students studying at international universities. The scholarship programme will cover tuition fees and living expenses. The Investor shall provide the students holding scholarships with an opportunity to participate in work experience and training at the OT Project or at a suitable international mining operation.

8.16. The Investor shall establish and maintain health and safety systems and procedures at the OT Project to ensure a safe workplace which complies with the Law on Labour Safety and Health and all applicable health and safety laws and regulations in Mongolia while complying with all requirements under the Labour Law, including in respect of collective bargaining.

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8.17. To enable all employees on the OT Project to be trained to international standards, the Government shall render all support for the adoption, within 6 (six) months of the Effective Date, of an international mining education and training curricula at selected domestic universities and vocational training institutions.