



Information guideline for Suppliers

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COMMONLY USED TERMS:

1. General terms and conditions
2. Safety
3. PPE – personal protect equipment
4. Purchase requisition number /PR number/
5. Material number
6. Purchasing order – /PO/
7. Purchasing order number /PO number/
8. Packing list
9. Material Safety Data Sheet-MSDS
10. Invoice
11. Quotation
12. Packing, Marking & Shipping Instructions
13. Supplier qualification and management system /SQMS/
14. SAP system

APPENDIX DOCUMENTS:

1. Appendix 1: General terms and conditions; description of terms used
2. Appendix 2: Requirements to dangerous and poisonous chemicals
3. Appendix 3: Purchase order template
4. Appendix 4: Marking, packing instructions
5. Appendix 5: Packing, marking and shipping instructions
6. Appendix 6: Quotation template
7. Appendix 7: Packing list
8. Appendix 8: Warehouse operating timetable, contact details
9. Appendix 9: Invoice instruction
10. Appendix 10: Invoice template
11. Appendix 11: Register as a Oyu Tolgoi LLC supplier
12. Appendix 12: New vendor registration form



1.0 PROCUREMENT GENERAL TERMS AND CONDITIONS

1.1 PROCUREMENT GENERAL TERMS AND CONDITIONS:

Please refer to Appendix #1 General terms and conditions; description of terms used

To become Oyu Tolgoi LLC supplier, you should read and accept Procurement general terms and conditions.

I accept procurement general terms and conditions

Yes

No

1.2 SAFETY

Our safety vision is: *“Create work place without any incidents that everybody gets home safe”*.

Safety requirements to supplier:

1. We require suppliers to abide same HSE (health, safety and environment) policies and safety risk compliance.
2. Suppliers or its representatives must bring ID and wear PPE, such as hard hat, toe closed shoes when delivering goods to **WHS**.
3. If you are supplying dangerous or chemical goods, you must supply MSDS (Material data safety sheet) in English and Mongolian.

Please refer to Appendix #2 Requirements to dangerous and poisonous chemicals

1.3 PURCHASE ORDER /PO/

This is the contract signed with your company to procure goods.

Purchase order description:

Please refer to Appendix #3 Purchase order template

1.4 DELIVERY LEAD TIME:

Delivery lead time for any purchase order is a very important criteria for us. We plan purchase of goods and services based on the supplier’s ability to meet lead time, ensuring smooth operations. We expect our suppliers to be responsible in supply of goods on time. This is an important aspect for long term partnership.

If goods are not supplied on time, undue loss shall be considered.



1.5 PACKING REQUIREMENTS:

Packing is important to obtain information on goods, retaining quality, conducting inventory during transportation and storage. You should read attached instructions prior of delivering goods, ordered by Oyu Tolgoi LLC.

Please refer to Appendix # 4 Marking, packing instructions

Please refer to Appendix # 5 Packing, marking and shipping instructions

You must place markings on the packing when delivering ordered goods to the WHS. Markings must be visible and include below information:

- a) Supplier name
- b) Purchase requisition number
- c) Oyu Tolgoi LLC material number
- d) Name of goods
- e) Goods details /size, quantity, weight /
- f) Purchase order number
- g) Receiving warehouse address /Ulaanbaatar warehouse or warehouse at Oyu Tolgoi project site etc./
- h) Name of the recipient /Department ordered goods/

1.6 QUOTATION

Oyu Tolgoi LLC receives quotation from potential suppliers on goods that meet requirements and commences bidding process.

Below information should be included in the quotation.

1. Company name
2. Quotation validity date
3. Name of goods, service
4. Price per unit, quantity, total value, VAT included or not
5. Brief description of goods /color, material, weight, size etc, attach photo if required /
6. Additional documents /Certificate of quality, handbook, warranty, MSDS if chemicals /
7. Whether transportation and packing costs are included
8. Contact phone, address

Please refer to Appendix # 6 Quotation template



1.7 DELIVERING GOODS

You are required to deliver goods, services to the warehouse in accordance with terms of purchase order.

Therefore, include packing and transportation costs to ensure safe delivery to the warehouse in the quotation.

Oyu Tolgoi LLC requires domestic suppliers to deliver goods to the warehouse in Ulaanbaatar or warehouse at the Oyu Tolgoi mining site in Umnugovi aimag.

Terms of the purchase order applies to international suppliers.

Oyu Tolgoi LLC packing list or Receipt of goods shall be filled and signed by the warehouse officer upon delivery of goods to the warehouse.

Note:

To ensure orderliness of the warehouse Oyu Tolgoi LLC uses modification system given below.

3 principles implemented by Oyu Tolgoi – Modification system

1. Purchasing order
2. Supplier Packing list
3. Goods and materials

Matching criteria for goods and materials

- ✓ Quantity
- ✓ Description
- ✓ Material number
- ✓ Specifications
- ✓ Measuring unit

Please refer to Appendix # 7 Document confirming delivery of goods to the warehouse

Please refer to Appendix # 8 Ulaanbaatar warehouse operating timetable

Urgent shipment:

Most of Oyu Tolgoi goods are received at the Ulaanbaatar warehouse and warehouse at mine site, however high priority goods are sent through by airline.

If Oyu Tolgoi LLC procurement officer requests delivery of goods through above mentioned airline, follow the below instruction.

Airfreight instruction:

This freight must be delivered at the Warehouse Department of Oyu Tolgoi Company in accordance with the following instructions:

1. The permission to send freight by airline should be obtained by OT employee who requested to do so.



2. The airfreight must be delivered to UB warehouse located in Sonsgolon Street, Songinokhairkhan district, Khoroo 20.
3. Each package of freight must be securely packaged and have a clearly written name tag attached with the receiver's name, phone number, department and company. Note: Each piece of freight is subject to the double check by the flight security inspection at the airport.
4. The sender of business freight must provide the Warehouse Officer with accurate information regarding the contents of the freight package(s). Giving inaccurate information regarding transportation of dangerous items may put at risk the flight security and passengers' safety.
5. The total weight of personal freight shall not exceed 35 kg per package. The following table outlines the allowable unaccompanied freight dimensions for each package.

Business Freight Limitations: Ulaanbaatar – OT Site Charter Flights		
Freight Types	Aero Mongolia Aircraft Type: Fokker 50	Eznis Airways Aircraft Type: Q-400
Package Size	width / length / height of the freight package not to exceed: 0.4m x 0.3m x 1.7m.	width / length / height of the freight package not to exceed: 1.22m x 1.4m x 1.52m.
Package Weight	not exceeding 35kg	not exceeding 35kg

6. Business freight containing restricted items (*Restricted Items: All Flights*) or dangerous goods (*Guide to Dangerous Goods*) in strictly prohibited.
7. The full contact details (name, address, phone number) of the sender and receiver must be registered on the freight acceptance sheet.
8. The freight shall be delivered to the Warehouse located at the Oyu Tolgoi Site and shall be sent to the receiver according to the address on the freight name tag.

1.8 TERMS OF PAYMENT:

Oyu Tolgoi LLC processes invoice within 30 days after receipt of the invoice according to the payment terms.

Invoice:

Invoice is the initial document to claim costs of goods and services provided and are the primary document in bookkeeping. Invoices shall be numbered in sequence. In VAT row, write VAT imposed to goods and services provided. Subtotal shall be multiplied with valid VAT percentage to calculate VAT. Director and accountant of the claiming organization shall sign and stamp the invoice.

Please refer to Appendix # 9 Invoice instruction

Please refer to Appendix # 10 Invoice template



2.0 SUPPLIER REGISTRATION

Procurement department of Oyu Tolgoi LLC uses 2 types of systems for daily operations.

2.1 SUPPLIER QUALIFICATION AND MANAGEMENT SYSTEM:

Any organization, individual willing to register as a supplier can enter to the database and register.

Procurement officers of Oyu Tolgoi LLC search for suppliers from the database, contact suppliers and conduct screening to evaluate competence of suppliers to execute orders, i.e. the system is used for evaluation of suppliers.

Purpose of the system: Oyu Tolgoi LLC is in the process creating Supplier qualification and management system which is an electronic system to gather and store information of current and potential suppliers.

Supplier qualification and management system created through this system shall be used for selecting competent suppliers to participate in procurement process; and for inviting suppliers for bidding.

SQMS is the first step to become Oyu Tolgoi LLC supplier.

Visit below link to register as a supplier

<http://ot.mn/mn/procurement/how-to-become-a-supplier>

Please refer Appendix #11 Register as a Oyu Tolgoi LLC supplier

2.2 SAP SYSTEM

The system is Oyu Tolgoi LLC internal system and you will be registered in the system at the request of procurement officer.

Documents required for registration:

Entity, organization:

- a) Copy of company certificate
- b) VAT certificate /if applicable /
- c) Bank reference /confirmation of holding an account /
- d) Supplier letter confirming the account at a bank
- e) New supplier registration form /Oyu Tolgoi LLC officer to fill/



Individual:

- a) Copy of ID
- b) Taxpayer income book
- c) Bank reference /confirmation of holding an account /
- d) Supplier letter confirming the account at a bank
- e) New supplier registration form /Oyu Tolgoi LLC officer to fill/

Please refer to Appendix # 12 'New vendor registration form'

3.0 PROCUREMENT PROCESS

