

## **The 15<sup>th</sup> Meeting Minute of the National Council of Extractive Industries Transparency Initiative Mongolia which is to organize and regulate the initiative /2016-12-20/**

The 15<sup>th</sup> Meeting of the National Council of Extractive Industries Transparency Initiative (EITI) Mongolia was held at 14:50 on 20 December 2016 in the “Local Governance Hall” of Parliament House.

In the meeting were, J. Erdenebat (Mongolian Prime Minister and Chairman of the National Council), N. Enkhbayar (Chief Advisor to Prime Minister, Secretary of National Council and Head of Working Group), G. Nandinjargal (State Secretary of Ministry of Mining and Heavy Industries), D. Damba (Senior Specialist of Ministry of Mining and Heavy Industries), A. Ariunzaya (Director of National Statistics Office), N. Ariunaa (Specialist of National Statistics Office), D. Ulzii (Director of Strategy and Management, who is representing A. Zangad, Mongolian General Auditor), N. Algaa (President of Mongolian National Mining Association), M. Buyanbadrakh (Advisor to General Director of Erdenet Copper Mine), M. Boldbaatar (Chief specialist of Mongolrostsvetment LLC), S. Enkhtuya (CEO of Monpoliment Group LLC), B. Sugarmaa (Director in charge of government relations and regulations, who is representing G. Battsengel, Executive Director of Energy Resource LLC), Sh. Baigalmaa (General Manager of Communities, who is representing Andrew Woodley, President of Oyu Tolgoi LLC ), D. Erdenechimeg (Publish What You Recieve coordinator, who is representing P. Erdenejargal, Director of Open Society Forum), N. Bayarsaikhan (Head of Step Without Borders NGO), G. Batsaikhan (Executive Director of Responsible Mining Initiative NGO, who is representing L. Dolgormaa, Board Director of Responsible Mining Initiative NGO), N. Narantsetseg (Head of Mongolia Natural Saving Foundation NGO), B. Bayarmaa (Head of Owners of Khuvsgul Lake Movement), D. Tserenjav (Head of Transparency Foundation), and Yu. Delgermaa (Board member of Mongolian Civil Council for Environment). Out of 30 EITI National Council members, 18 members (60%) attended this meeting.

Other attendees were, B. Osorgarav (Director of Ulaanbaatar Audit Corporation LLC), N. Erdenetsog (audit manager), B. Delgermaa (senior auditor), G. Odontuya (Specialist of Mineral Resources and Petroleum Authority), Sh. Tsolmon (Coordinator of Mongolia EITI Secretariat), B. Delgermaa (Communication Officer of Mongolia EITI Secretariat ), A. Otgontungalag (Finance Officer of Mongolia EITI Secretariat), and G. Ganbat (IT Consultant of Mongolia EITI Secretariat).

J. Erdenebat, Mongolian Prime Minister opened and chaired the 15th National Council meeting of Mongolia EITI.

J. Erdenebat: Greetings. This is my first time to attend the meeting. I encourage the National Council members to express their opinion on issues regarding EITI and attend the meeting actively.

In accordance with the council rule, the chairman introduced the meeting agenda. The meeting began upon members agreeing with and approving the meeting agenda.

J. Erdenebat: According to the agenda, B. Osorgarav, Director of Ulaanbaatar Audit Corporation LLC shall present the report No. 10, which is EITI Report 2015.

### **1. DISCUSSED: Mongolia EITI Report 2015**

B. Osorgarav: I would like to present Mongolia EITI Report 2015. We have presented the Inception Report to stakeholders on 11 August 2016. When developing this report, we organized 3 trainings for stakeholders, engaging overall 138 participants. We developed the report together with Hart Nurse Ltd, headquartered in London, England and which is a globally experienced social and economic development consultant. Whilst, Ulaanbaatar Audit Corporation is a correspondent member of the Grant Thornton International.

Mongolia EITI Report 2015 consists of introduction, scope of report, reconciliation coverage, key findings, recommendations, and appendices. 10 State Owned Enterprises (SOEs), 10 subnational entities/authorities, and 192 extractive companies took part in the report. 202 companies were selected to participate the report, but 8 non-extractive companies were excluded from the reconciliation, as they were *not* (i) reachable, (ii) operating in extractive industries or simply held extraction license, and (iii) conducting extractive activities. Before the reconciliation, the difference between government receipts and company payments of revenues was 303.5 billion MNT. However, as a result of reconciliation, the unidentified change was reduced down to 112 million MNT. The government reported to have received 1.64 billion MNT from the 8 non-extractive companies mentioned above, as they were included in the scope because each company had paid tax over 100 million MNT. The government revenue after reconciliation was adjusted to 1,39 trillion MNT, which represents 98% of total flows reported by the government from the extractive sector in 2015. All government entities and SOEs reported their receipts and payments, while 8 companies made no report either on EITI e-reporting system or on the templates we have provided. We have requested 10 government entities to provide management representation letter to assure the accuracy of their provided information. However only 4 of them provided the letter. Therefore, there is no assurance for government report and information. 9 out of 10 SOEs provided management representation information and 5 SOEs have not submitted audited financial statements. Top 10 companies have all provided management assurance letters on their financial statements and 2 companies have not provided audited financial statements. Although Product Sharing Agreements (PSAs) were

concluded in 2015, PSAs were not publically accessible. Additionally, the numbers of licences in issue and awarded in 2015 differed. EITI Report 2014 provided 11 recommendations, however, 7 recommendations was implemented, while 4 was not implemented. For instance, recommendations such as project scope reporting, management assurance on government reporting, transparency of SOEs reporting, and cadastral information have not been implemented. (presentation is attached).

J. Erdenebat: Thank you for the presentation. Any questions regarding the presented report?

D. Erdenechimeg: You said 8 companies that were selected for report score were excluded from the reconciliation due to them not being reachable for getting information. What was the qualification or requirement when selecting companies for report scope? Are those 8 companies are now excluded from the report scope? Is it fair to say that those 8 companies were selected in the report scope whlie not meeting the materiality threshold?

N. Erdenetsogt: The 8 companies were part of overall 202 companies selected. However, we were not able to get in touch with them. Overall tax revenue of 1.6 billion MNT was collected from those 8 companies, and each of them had paid taxes over 100 million MNT and one paying maximum 300 milloin MNT in tax. Yet, these 8 companies were non-extractive companies and held only one licence. For example, gas distributor company in Uvs province paid tax over 90 billion MNT to the government. So they did pay tax, however they were not operating in the extractive sector. There are many other companies like them. According to the standard, the companies to participate the report are ought to be extractive companies. Therefore, we excluded those non-extractive companies from the reconciliation.

N. Bayarsaikhan: Those 8 companies need to be identified and settled for good. We need to report for each company level. Although license-holding companies should be part of the report, it is sad that non-extractive companies are included in the report scope. I understand we are improving, but 8 other extractive companies could have been part of the report instead of those non-extractive companies. Meaning, 8 other companies could have been made transparent. So we need more clarification on this matter. Upon reviewing the report. The report raised usual and significant issues such as SOEs not submitting statements, contradictions between numerical information provided by government entities. When such issues are raised, why are they not included in the recommendation of the report? The current recommendations seem to reflect and address challenges faced during auditing process. So we should have a cohesive understanding about the meaning of recommendations. We should classify and strengthen recommendations, for example: recommendations when conducting audit and recommendations for improving extarctive sector governance. The presenter

mentioned that they paid more attention to completeness and accuracy of data and information. This implies that information completeness was not satisfying. So I think we should direct recommendations to this concern. If government reports and statements contradict with one another, that means EITI Mongolia received inconsistent information from government entities. So how should we make it consistent? It is said numbers of SOEs are not providing statements, then how should we make them report and provide their statements? We already talked much about disclosing PSAs and making them publically accessible, why is it not working?...etc I believe today's meeting will be much effective if we make resolution to address these issues.

B. Osorgarav: Allow me to present the excluded 8 companies in detail. (1) Ankhai International LLC- paid 127 million MNT in tax and transferred its license, (2) Black Mining LLC- paid 320 million MNT in tax, tried to obtain contact information from Mineral Resources Authority and General Intelligence Agency, but failed, (3) Galaxy Mining LLC- closed down, (4) Gan Ilch LLC- conducts non-extractive operation, but supplies heating in province center, (5) Energy Empire LLC- located in Ulaangom of Uvs province, said not to carry extractive operation, so-claimed brother of the company's owner picked up call once but carried no further communication, (6) SSGP LLC- registered to have only one phone number, but no access or service to the number, (7) MKM Mining- paid 157 million MNT in tax, but no contact number, and (8) Gurvan Bogdiin Nuruu- paid 207 million MNT in tax, not operating under license. Such and other information is available.

N. Bayarsaikhan: So could they not be contacted? Or are they simply not operating in the extractive industry?

J. Erdenebat: According to the audit report, the companies hold mining licences but operating in sectors other than extractive industries. What should be done with such companies? As for the issues regarding SOEs' rehabilitation and transparency in statements, we can include this issue in the resolution in today's meeting. Any other concern or opinion?

D. Erdenechimeg: It is mentioned that 4 recommendations from the last year's report was not implemented. And 3 of them are included in this report. The remainder 1 recommendation is not addressed here. So I suggest to include the excluded recommendation in the report as well. Each company should be reported individually. This individualistic approach will comply with EITI Standard. When there is report on every company such issue of holding licence without operating in extractive industry will be cleared out and identified better.

N. Alгаа: It is my 10th year to listen to EITI report. It is improving every year and progress is made at certain level. Before, recommendations were ignored, now they are

being monitored and identified whether or not implemented. There is progress on information completeness. There are companies that carries non-extractive operations even upon obtaining licence or some don't even operate for 6 or 7 years. Other countries have different registration regulations. Unless we adopt a system that registers each licence categorically, this kind of incident will repeatedly happen in the future. Therefore, given the unique situation of the sector, we need to adopt a different practice and arrangement. Ulaanbaatar Audit prepared the report and they have developed many other previous reports, the current report is well prepared. Therefore, I suggest we should accept and approve the report.

N. Bayarsaikhan: I have been talking about improving the utilization/implementation of EITI reports for the last 3 years. In this respect, I have used/reviewed the environment rehabilitation part of the report, and apparently it provides very useful/good information. For instance, Ministry of Environment provides information on rehabilitation budget placed in rehabilitation accounts, and such information is available on EITI data portal as well. Ministry of Environment reported that no companies reclaimed rehabilitation liabilities for the last 5 years. It can be inferred from the report that rehabilitation collateral/advance/deposit leveraged companies to protect and rehabilitate the environment. There is a discrepancy of 20 billion MNT between the two. Failure to rehabilitate environment is the main factor misrepresenting the extractive sector and making the society disapprove the sector. Based on this, it can be implied that the legal framework using rehabilitation deposit as leverage for rehabilitation and rehabilitation liability system are not effective. Also there is inconsistency between statements provided by different government entities, and that companies don't take back the rehabilitation liabilities after placing them while government entities not releasing the deposits. When we request for detailed information regarding this rehabilitation information, companies had submitted their requests to make such information as confidential information. Yet, related laws and regulations state that such information should be available and accessible. EITI data portal indicates that rehabilitation deposit of 32 billion MNT is now in place at Ministry of Environment's special account. However, this amount is reported to be 10 billion MNT in the letter provided by Ministry of Environment in response to a NGO's official letter. How should we address this inconsistency? There is no accuracy and completeness of information. So I suggest we address this concern by issuing resolution in today's meeting.

J. Erdenebat: Noted. The meeting's resolutoin should include resolution on environment rehabilitation and rehabilitation liabilities. With this, we shall close the first agenda.

N. Bayarsaikhan: As per the report, Oyu Tolgoi LLC has made significant amount of donation. In EITI Report 2014, Southgobi province recieved 60% of Oyu Tolgoi's total donation and this could be in relation with the operation cost of schools and preschools established under the consensus agreement. However, I would like to clarify the source of the 5 million MNT annually given to Gobi Oyu Development Fund. Is this donoation added to the 34% Mongolia share and becoming our dept? Or is this coming from Oyu Tolgoi's net profit?

Sh. Baigalmaa: This agreement [donation] was made under article 42.1 of Mineral Resources Law and clause 4 of the Investment Agreement. This donation is made as part of social corporate responsibility. Oyu Tolgoi have been donating significant amount of money until this day. In order to make our donations more organized, we established this Fund to enable the community to be more sovereign in terms of utilizing the fund in accordance with their need to fulfill sustainable development. And Oyu Tolgoi is working to provide the funding.

N. Bayarsaikhan: I am simply asking where the fund is coming from. Is it coming from Oyu Tolgoi's net profit?

Sh. Baigalmaa: Where does social corporate responsibility money come from? You tell me? (irretated)

J. Erdenebat: I have been to the Oyu Tolgoi mine site. Generally, the company is providing contribution and support as part of their social corporate responsibility. The government gave direction either to the soum authority and Oyu Tolgoi LLC to direct atleast 50% of their contribution in the form of establishing more jobs. I suggest to legalize activities and funding of social corporate responsibility. For instance, we could legally regulate what activities should extractive, processing and trade companies should do as part of their social corporate responsibility. A draft law should be developed.

With respect to the rule, we shall move to the next agenda.

## **2. DISCUSSED: Mongolia EITI 2016 work plan implementation, draft work plan of 2017, e-reporting rule and publically accessible information policy**

Sh. Tsolmon: In 2016, 34 out of 53 planned works have been implemented, which represents 65% implementation performance. The Working Group organized 3 meetings, while the sub-working group organized 2 meetings. Many planned works did not take place due to postpone in World Bank's funding and their contract development work has been postponed until 20 August. Unimplemented works are mainly the ones on strengthening local sub-councils and works to have the Draft Law on Transparency of Mineral Resources Sector approved. These activities are now postponed and included in our 2017 plan for further implementation.

Following major works were implemented in 2016: At the EITI Global Conference held in Peru in February 2016, Mongolia received the Chair's Awards for "improvement in information access". Mongolia is now a country with two awards. Earlier, in 2011, Mongolia was awarded for consistent improvement in EITI reporting. Upon overcoming numerous discussion, we organized audit partner selection activity to choose consultants to prepare EITI 2015 Report. As a result, Ulaanbaatar Audit Corporation and Hart Nurse Ltd partnership were finally selected. Furthermore, we organized the Inception and Scoping Workshop in accordance with EITI standard, in which we developed the contract scope and here we are today presenting to you the result upon comparing and consolidating reports and statements from 202 companies and government entities. Upon arranging companies and government entities/authorities to report their 2015 statements, EITI report is presenting results of payments and receipts of 747 companies, 32 government entities collecting revenue from 1920 companies. At the Ministry of Mining, we formed sub-working group with extensive members to studied beneficial owner disclosure and organized respective meetings as well. Upon organizing joint workshops with Natural Resource Governance Institution, we have developed and are hereby presenting the Road Map plan . We participated in 3 meetings of the working group of "Draft Law of Transparency of Mineral Resources" established within the Parliament's Economic Committee and prepared for the initial parliament discussion. However, the Parliament could not discuss the law. Global EITI Validation of Mongolia EITI was undertaken at the beginning of July 2016 and we have submitted required reports and results since then. The final result will be available by December. We have prepared to develop the pilot project of EBRD to improve community relationship and arranged to have an organization to conduct the research. Also we have organized meetings with the new province authorities, at deputy governors level, established from 2016 Election in order to strengthen EITI sub-council works and conduct trainings and discussions to solve funding.

2017 Work Plan draft was presented to the Working Group on 18 November, and we revised the draft upon reflecting comments and feedbacks. In 2017, we will aim to "Strengthen EITI sub-council and develop legal framework to disclose beneficial owners" in Mongolia. Within the first objective, 21 works have been planned to take place, namely, collective actions to validate SOEs' budget, finance, Mineral Resources and Petroleum

Authority's Cadastral Department, special licence, Government and reconciling statements from government entities and companies, necessary trainings, governance of National Council and Working Group, developing strategy 2020 etc. Within second objective, 8 works are planned to produce EITI Report 2016 under EITI standard. Within the third objective, 9 works are planned to ensure implementation at community level and strengthen sub-council capacity; and 24 works to disclose beneficial owners and develop Road Map; and 7 works for contract transparency. The funding of these works will come from World Bank, EBRD, and State budget. As for funding for sub-council, we request for National Council's resolution to draw the funding from Minister of Environment and Tourism cluster in accordance with Government Decree No.43 named "Collecting, spending and reporting of revenues dedicated for protecting and rehabilitating environment" dated 2014. Additionally, we are to pay membership fee of EITI. Currently, the EITI annual membership fee is 10,000 USD and thus we will deliver the invoice. So we request for National Council's resolution on this matter as well. /Presentation attached/

J. Erdenebat: Is there any question regarding the presentation?

D. Erdenechimeg: You mentioned to develop contract scoping and methodology. What contract does it refer to?

Sh. Tsolmon: This is a suggestion from the Working Group. We are plan to include all contracts. However, we will make the decision at the time of the selection upon discussing.

D. Erdenechimeg: Is it for the purpose of transparency? Or for content?

Sh. Tsolmon: For transparency.

N. Bayarsaikhan: The auditor's recommendation states that current reporting is not meeting the qualifications and that there are non-reporting SOEs. Is there any works planned to address this concern?

Sh. Tsolmon: Such works are included in the work plan.

Yu. Delgermaa: As per the newly ratified law on environment, it is required to conduct environmental audit once every 2 year. Is environmental audit included in the 2017 plan?

Sh. Tsolmon: No works planned specifically on environmental audit. However, Ministry of Environment and Tourism's request suggested to include in sections 2 and 4



of the 2017 Plan to disclose information regarding damaged and rehabilitated lands as a result of extractive activities. Therefore, such is included in the plan.

Yu. Derlgermaa: Rehabilitation is another matter. Environmental Audit is different and is rather new in Mongolia, but it is very critical. Therefore, in order to comply with the law, I suggest to include this in the plan or issue a resolution.

Sh. Tsolmon: Noted.

G. Batsaikhan: Discussed earlier was extractive industries' responsibility and how to spend their donation and contribution. In 2007, responsible mining definition and its 7 principles are identified. Efforts and actions are being taken to make them a standard and now it needs to be formalized. One of their principle is on transparency and a manual is being finalized now. Can this work be included in your 2017 Plan?

N. Alгаа: There is ISO 26000 Standard, which is an over 170 pages standard on implementing corporate social responsibility. This standard was translated by Mongolian Employers' Federation in 2012 and was approved by Mongolian Agency for Standard and Metrology. This standard is to be complied on voluntary basis. It is not being adopted and implemented because it is not being introduced and trained about. Mongolia has many standards. There is a dedicated law on environmental audit and a designated authority responsible for its implementation. EITI's work scope is defined by receipts and payments of taxes and payments within extractive industries under 7 international standards. It is wrong to put all works and burden on one organization.

S. Enkhтyа: I suggest EITI to consolidate recommendations stated in 2013, 2014 and 2015 reports and make one consolidated recommendation manual.

G. Batsaikhan: I would like to make a clarification. Standard on corporate social responsibility is a general standard, while responsible mining is specifically designed for mining industry.

D. Erdenechimeg: It says 300,000 MNT is allocated for developing methodology. Is the methodology going to be printed? Better recheck the budget, otherwise it could not be implemented.

Sh. Tsolmon: Noted.

N. Bayarsaikhan: I think 2016 work plan was fairly well implemented. I suggest you to move “inform public” in objective 2 to objective 3. This way the routine works could be consolidated, and it is better to show the 258 million MNT as one cost, so that it will look much clear without long and detailed list of tables.

### **3. DISCUSSED: Draft road map to disclose beneficial owners**

D. Damba: Nandinjargal, State Secretary of Ministry of Mining and Heavy Industries, is present in today's National Council meeting. We have established working group to disclose beneficial owners and the sub-working group is working with 16 members represented from government entities, companies and civil society organizations. We have organized 3 meetings and developed the draft road map. Several works were undertaken by the working group. For instance: We conducted joint evaluation examining the legal framework with Open Society Forum; organized workshops with Natural Resource Governance Institution on disclosing beneficial owners. Furthermore, we conducted research on ensuring transparency of beneficial owners and we will organize a discussion session on the topic tomorrow on 21 December. Upon developing the draft road map, we presented the draft at the working group meeting. Today, I am presenting you the final draft which reflected comments and feedbacks from the members. We have studied practices and lessons from 11 countries. As a result, there has been progress on closed issues mentioned in the research. There were many perception differences and now we have cohesive understanding. We hope lessons from those companies will be helpful in disclosing beneficial owners. We see that it is possible to disclose beneficial owners in Mongolia. For example, the effort is included in the national policy and strategy, even not complete, there is institutional framework already established. The draft road map is developed to 2020. Total 7 objectives and 32 measures are included in the draft road map. The main purpose of the road map is to improve public control/monitoring and owners' responsibilities upon disclosing the investors, licence holders and beneficial owners in extractive industries. We (i) have planned works under 5 objectives in 2017, (ii) will validate information and revising related rules and templates in 2018 and (iii) will publically announce and release the report in 2019. /Presentation attached/

J. Erdenebat: Thank you for your presentation. Any questions regarding the presentation? The pre-prepared draft of the meeting's resolution is handed out to you. Let's vote on and approve the resolution upon reviewing.

*Resolution draft was introduced by N. Enkhbayar, chief advisor to the Prime Minister. Resolution approved with 100% vote.*

J. Erdenebat: Thanks to all members for actively participating the meeting.

The meeting was adjourned at 16:15 hrs.

## RESOLUTION

### **In the 15th Mongolia EITI National Council Meeting minute:**

**I. Discussed:** Mongolia EITI Report 2015 (the 10th EITI Report), co-developed by Ulaanbaatar Audit Corporation from Mongolia and Hart Nurse Ltd from Great Britain.

#### **Resolved:**

1. The Mongolia EITI Report 2015, co-developed by Ulaanbaatar Audit Corporation from Mongolia and Hart Nurse Ltd from Great Britain, was approved and comments from members are decided to be reflected in the report.
2. For dissemination purpose, stakeholders are to place the Mongolia EITI Report 2015 on their respective websites and the EITI Secretariat to disclose the brief versions of the report.
3. The EITI Secretariat is being assigned to submit EITI Report 2015 and 2016 Work Plan Implementation Report to International EITI Steering Committee within 31 December 2016.
4. Parliament Media Office, together with EITI Secretariat, is assigned to publically report the EITI Report 2015 and the National Council's meeting.
5. Following resolutions have been made on each recommendations stated in the EITI Report 2015.

**Resolution 1-** National Council assigns this issue to Minister of Mining, and Mineral Resources and Petroleum Authority ought to make the PSAs publically available. – **Ministry of Mining and Heavy Industries is to implement this resolution within the first half of 2017.**

**Resolution 2-** Licence information disclosed by Mineral Resources and Petroleum Authority should meet the minimum requirement of EITI (*this resolution was given last year as well*). **Mineral Resources and Petroleum Authority is to implement this resolution within the first half of 2017.**

**Resolution 3-** Mineral Resources and Petroleum Authority is to examine the accuracy of licence information. The working group is to oversee on this matter. **Mineral Resources and Petroleum Authority is to implement this resolution within the first half of 2017.**

**Resolution 4-** Working group and National Council, together with Ministry of Environment and Tourism, should develop SOEs' Rehabilitation Plan, and that SOEs to

include rehabilitation cost in the financial statements and reporting in accordance with international standard. **Erdenes Mongol LLC and Ministry of Environment and Tourism to implement this resolution within the first half of 2017.**

**Resolution 5-** The working group is to discuss the limitations of audit statements with Ministry of Finance and SOEs, and the working group to examine plans, time and capacity to improve financial monitoring. **EITI Secretariat is to cooperate with concerned entities, and implement the resolution within the first half of 2017.**

**Resolution 6-** In order to improve the accuracy of government reporting, working group is advised to work with Mongolian National Audit Office (NAO). If this cooperation and measure is included in the NAO's Work Plan, NAO will have necessary resources and time to review government reporting and statements provided to EITI. In order for this to be included in NAO's Work Plan, working group should immediately discuss the matter with NAO before finalizing their work plan. **NAO is advised to include this function in its 2018 Work Plan and Budget.**

**Resolution 7-** Reconciliation rate of the validations are critical, therefore it needs to be improved. In order for EITI Secretariat to realize better reconciliation in future reports, EITI Secretariat to improve its cooperation with companies, SOEs and government entities. **EITI Secretariat is assigned to cooperate with the concerned parties and report back within the first half of 2017.**

**Resolution 8-** In order for EITI Secretariat to improve reconciliation of future EITI reports, EITI Secretariat shall improve cooperation with SOEs and government entities. Should there be conflict, EITI Secretariat should adopt permission-seeking mechanism. **EITI Secretariat is assigned to cooperate with the concerned parties and report back within the first half of 2017.**

**Resolution 9-** EITI should use e-reporting system to identify companies whether or not they are extractive companies in advance. **EITI Secretariat is to report the progress of 2016 reconciliation within the first half of 2017.**

**Resolution: 10- Following to be considered when taking over the EITI e-reporting system from the consultant/contractor:**

- Take over the system with back up system.
- Take necessary handouts and manuals required for safely functioning and maintaining the system (For example, install proper Operating System, adjust to security setup, set up back-ups, and manuals on installing database).
- Obtain source code for further developing the system.
- Carry penetration test and stress test internally and externally from the system before taking over the system.

**For security of the e-system:**

- Make the system to have views/vistors of SSL certificate.
- Frequently update the operating system of e-reporting system.
- Setup admin-only access IP address, decided through port to adjust views and close unnecessary port.
- Install a system to detect and prevent viewing or hacking attent.

**For maintenance and functioning of the e-system:**

- Include rights and responsibilities of viewers/reporters in the rule.  
Цахим тайлангийн системд хандах хэрэглэгчдийн эрх, үүргийг нарийвчлах журамд тусгах
- The contract with the IT service contractor should include provisions such as ensuring security of the system, back-ups, copy of database, and functions to balance system load. **EITI Secretariat is to consider this and report back within the first half of 2017.**

**Resolution 11** – Independent reconciliator should be selected in advance to determine inputs to be included in the report. Хараат бус нэгтгэгч нь цахим тайлагналын системийн агуулгын талаар шийдвэр гаргахаас өмнө 1 сарын сүүлээр хамруулах ёстой. **–EITI Secretariat is responsible for the implementation.**

**6. Regarding the feedbacks and comments raised from meeting attendandees :**

- a. All SOEs are responsible to (i) include annual financial statements and audit letter in their EITI reports and (ii) rehabilitate environment according to respective standards.
- b. Mineral Resources and Petroleum Authority is assigned to minimize/mitigate cost at company level in order to report each licence and company. Report within the first have of 2017.
- c. Ministry of Environment and Tourism is assigned to prepare report on revenue and expenditure of special account on rehabilitation liabliity for the last 5 years. Ministry of Environment and Tourism is to report back to National Council within the first half of 2017.
- d. Ulaanbaatar Audit Corporation is advised to revise and finalize recommendations of EITI Report 2015.
- e. EITI Secretariat is to review all recommendations from EITI Report 2014 and 2015 and make combined recommendations for further discussion.
- f. EITI Secretariat is to organize workshops to disseminate and promote ISO MNS 26000:2012 (on corporate social responsibility) among public.

**II. Discussed:** Implementation of EITI Work Plan 2016.

**Resolved:**

1. Reviewed the implementation of EITI Work Plan 2016

2. EITI Secretariat is to include unimplemented works into the Work Plan 2017 and report progress to the working group.

**III. Discussed:** Draft Work Plan 2017 of EITI Mongolia

**Resolved:**

1. Work Plan 2017 is approved upon reflecting comments of National Council members.
2. EITI Secretariat is to supervise the implementation of the work plan quarterly.
3. EITI Secretariat is to seek funding opportunities for EITI membership fee and sub-working group from Minister of Environment and Tourism cluster, and further submit official request to authorities accordingly.

**IV. Discussed:** Rules and Policies of database transparency of EITI Mongolia

**Resolved:**

1. The policy is decided to be approved.

**V. Discussed:** Road Map 2020 to disclose beneficial owners in extractive industries

**Resolved:**

1. The Road Map 2020 is approved and the working group is to publically announce the effort while reporting implementation to EITI Secretariat quarterly.

Reviewed by:

Chief Advisor to Prime Minister,  
Secretary of National Council and  
Head of Working Group

N. Enkhbayar

Minute prepared by:

Finance Officer, EITI Secretariat

A. Oyuntungalag