

Minutes of the meeting of the Working Group of Mongolian Extractive Industry Transparency Initiative /2025-10-24/

The 64 meeting of the working group is organized on 23th July 2024 at 14:00 in the meeting room of Puma Hotel.

In the meeting participated

Mrs. P.Tuul, Expert of Ministry of Finance behalf Mrs Bolormaa, head of Accounting Department,
B.Tuvshinjargal, Inspector of the Mongolian Tax Administration (MTA),
A.Terbish, Senior commissioner of the Independent Authority Against Corruption (IAAC),
P.Byambasuren, Commissioner of the Independent Authority Against Corruption (IAAC),
N.Buyankhishig, specialist of Badrakh Energy LLC,
B.Sarana, Erdenes Mongol Group
S.Battulga, Senior specialist of Mongolian Resources and Petroleum Authority (MRPAM),
Mrs.B.Sarantsetseg, Manager of Mongolian National Mining Association,
Mrs.Erdenetsetseg, Secretary of Coal Association,
G.Sugar, Senior Manager of Oyutolgoi LLC,
Ts. Bolormaa, senior accountant of PetroChina Dachin Tamsag LLC,
S.Amarjargal, manager of Petro Matad LLC,
G.Urantsooj, Human rights development NGO,
S.Tserenpurev, the head of the New Administration Initiative NGO,
D.Tsedenbal, Board member of Khovdiin toli NGO,
N. Narantsetseg, head of the Nature Mother Rescue Fund of Mongolia NGO,
E.Munkhjargal, Transparency International Mongolia NGO
N.Bayarsaikhan, Head of Step without limits NGO
M.Chinzorig, member of Mongolian Environmental Citizen Council,
Sh. Tsolmon, coordinator of the secretariat Mongolian EITI and secretary of the working group.

In the meeting participated 19 members from 33 of the Working Group members that was 57.6 percent of attendance.

Also J.Erdenebileg, CEO, G.Erdene vice director, T.Tumenchimeg Director of department, B.Udval, manager of SICA LLC, T.Ganbat, Director of Growth Finance Audit LLC, attended this meeting. From Mongolian EITI Secretariat B.Khosbayar Community and Local Affairs Officer, Kh.Khulan IT consultant, A. Otgontungalag financial officer attended.

The meeting was opened by Sh. Tsolmon, Coordinator of the Secretariat of the EITI, who introduced the meeting program and internal procedures.

Presentation one: Draft of the 19th Consolidated Report of the Mongolian EITI for 2024. The draft of the 19th consolidated report of the Mongolian EITI for 2024 was presented by G. Erdene, Deputy Director of SICA LLC. /Presentation attached/

Sh. Tsolmon: Thank you very much to Director Erdene. You have presented this 19th consolidated report for 2024 in detail and beautifully. Please introduce yourselves and ask your questions.

Ts. Tserenpurev: Thank you. This is the fourth year we have reviewed SICA's report. We, as part of civil society, work under an established protocol. They have not only given us tasks but also assessed our capacity. Based on this principle, we are recognized as being able to inform, discuss, and contribute to public understanding of the state budget's revenue and expenditure, as well as to provide realistic and practical solutions for sustainable development. In general, we do not have the authority to give recommendations. Recommendations should be given to the companies, and they should act upon them. If there are issues during the process of reviewing company reports, collaboration with civil society is possible. I am a certified auditor specialized in the mining sector. If I see that your report has been evaluated in cooperation with us, I can accept that. But if there was no such cooperation, I cannot accept these recommendations. Thirdly, within the 344-page report, from page 152 onwards, there are many blank pages with no information about the companies. You are supposed to obtain data from these companies, aren't you? If you are unable to collect it, there are still several ways we could cooperate and work on that together.

So, please respond to my questions.

G. Erdene: Alright, thank you. My apologies — I think I might have phrased the part about the recommendation in a way that caused some misunderstanding. Our team's intention is to engage and support civil society organizations in order to further improve the quality of Mongolia's EITI report. In particular, we aim to provide both technical and managerial assistance to help strengthen the capacity of civil society organizations, as they are the ones who conduct monitoring activities. We included this recommendation with the view that such support and engagement would help enhance the overall quality of reporting. However, if you believe this recommendation is not appropriate or feasible, we can remove it. I also realized that my earlier explanation may have been misleading. In essence, our recommendation is focused on providing greater support to civil society organizations.

M. Chinzorig: Good morning. I am Chinzorig, Chair of the Oversight Committee of the National Environmental Council. The content of this year's report shows noticeable progress compared to previous years, and it appears that earlier criticisms have been taken into account. In particular, I see that 45 companies were selected for the study based on recommendations from civil society organizations. I would like to ask: is there data disaggregated by province? Specifically, how many of these companies are located in Ömnögovi aimag? Secondly, the report mentions that seven companies completely refused to provide information and created obstacles. Were these cases reported to the relevant authorities under the Law on Violations (Mongolia's Law on Infringements)? Were any official letters sent to those companies? Did you consult with the Legal Department of the Ministry of Mining and Heavy Industry on how to address this issue, and if so, what advice did you receive? Thirdly, it was mentioned that some companies classified their data as confidential and therefore did not disclose information to local governments. How many such companies have actually marked their information as classified? Do you have any specific analysis or data on those entities? Thank you.

G. Erdene: Regarding the seven companies, we were unable to obtain information from them — they refused to provide it. However, we did not leave the matter there. In order to collect data from these companies, both the EITI Multi-Stakeholder Group and civil society organizations repeatedly sent official requests and letters to them. That said, no formal enforcement measures were taken under the Law on Violations — for instance, we did not request that these companies be fined or compelled through legal or state inspection mechanisms. Our efforts were limited to submitting requests and follow-up communications from our side. As for which provinces these companies belong to, my colleagues can provide that information shortly. In some provinces, local authorities also expressed that they could not share certain company data with us, explaining that it was considered confidential or sensitive business information.

D. Tsedendbal: I am a member of the EITI Subnational Council in Khovd aimag. I would like to ask a couple of questions related to this report. Some of my questions overlap with those already raised by Chairman Chinzorig. First, regarding the 45 companies mentioned in the report — how exactly were they selected, and which companies were included? Out of the 21 aimags, each already has an established subnational EITI council, operating since around 2016. Could you please clarify in which aimags these companies are actually operating? Was the selection process conducted in consultation with civil society organizations and members of the local councils? What criteria were used in this selection? In fact, rather than giving such recommendations later, wouldn't it have been better from the start to involve civil society and the 21 subnational councils by allowing each to select at least one company for inclusion? I would like to know which subnational councils, from which aimags, were actually involved in this process. Secondly, our main goal is transparency — to ensure that what is reported as paid and what is reported as received are consistent. However, the report indicates a discrepancy of 17 trillion MNT. From my understanding, this may be due to companies reporting payments made, while the government side did not report corresponding revenues. Is that correct? With such a large discrepancy, how is accountability ensured? Are there mechanisms for recovering these amounts, or are the responsible parties held accountable in accordance with the relevant legal procedures? Lastly, in Khovd aimag, we have major deposits such as Tefis Mining and the Khalzan Burgedei deposit, as well as several tungsten deposits. How do you plan to work with aimags like ours that have large-scale mining operations? Please provide answers to these three questions.

G. Erdene: Thank you, let me respond to your questions. Regarding the 45 companies — they were selected based on recommendations from civil society organizations. We held the inception meeting for this report in July 2025. During that meeting, both sides agreed on the list of 110 companies to be included in the reporting process.

In addition to the main revenue-contributing companies, we decided to include 45 smaller companies that were considered to have higher risks. To identify these, we collected suggestions from civil society organizations, which in turn sent official letters to all relevant companies. Unfortunately, we could not include all of the companies proposed — around 100 in total — due to certain limitations. We prioritized and selected the 45 companies during the July meeting. The selection was not made on the basis of “one company per

province,” but rather according to the recommendations received from civil society. The process of collecting these suggestions also took quite some time. Going forward, I believe this practice of receiving recommendations from civil society each spring and agreeing jointly on the final list will become a consistent tradition in our work. Now, regarding your third question, which relates to this issue — the main challenges are typically with small companies. Larger companies generally provide complete and timely reports, while smaller ones tend to withhold or delay their submissions, sometimes citing confidentiality concerns. We all understand that this lack of transparency is problematic. Therefore, our key recommendation is focused on improving the participation and reporting of small and medium-sized companies. Collaboration between government bodies and civil society organizations is crucial to ensure that *all* companies — regardless of size — are fully and accurately included in the EITI reporting process. As for your second question regarding discrepancies — the total discrepancy should not be understood as 17 trillion MNT. The exact figures will be explained by our auditor. Essentially, the discrepancies arise when the amounts reported by companies as payments to the state budget and the amounts reported by the government as received revenues do not perfectly match. Such gaps may result from technical errors or misreporting. Our team has worked to verify and reconcile these figures as much as possible — ensuring that, for example, if a company reported paying several million MNT in taxes, the government’s data reflects the same receipt. Our auditor, Mr. Ganbat, can elaborate on this reconciliation process in more detail.

T. Ganbat: This represents the findings from the initial reconciliation report. During the first reconciliation conducted in July, there was a certain discrepancy, which is reflected in this table. The discrepancy has since decreased, and the total difference now stands at **22 billion MNT — 17 billion MNT** at the local level and **5 billion MNT** at the national level.

J. Erdenebileg: My name is Erdenebileg. I am CEO of SICA LLC. It seems like Director Erdene has just answered. So I think I will elaborate and explain. As far as I understand, we are all doing research, taking the calculations from all sides, making corrections to make them transparent, and then publishing them like this. Legally, we do not have the right to take further action or take further accountability actions.

Sh. Tsolmon: I would like to clarify the discrepancy. Now, this issue will be submitted to the National Council in about a month. So, our auditor, this organization, continues to work on eliminating, reducing, and finding the cause of this discrepancy. Well, there is a procedure for finalizing the consolidated report and submitting it to the National Council for approval. Our goal is to make the information transparent and publicly available. We do not have the right to hold them accountable for that. That is why we are talking about the other bill.

M. Chinzorig: Actually, small businesses should not speak, they say that, they just don't want to include it. All businesses have equal rights and have received the same rights, so there is no such thing as a small business with a different legal environment and a large business with a different legal environment. There is only one legal environment throughout Mongolia. With this in mind, you should also change your language in your speech. So, I would like you to pay attention to this and make suggestions on this. I am also proposing from the Citizens' Council

for the Environment, whether to make the companies that do not provide this information public, to attack their reputation, or to blacklist them, and I would like you to make your own suggestions on this. Thank you.

G.Erdene: Thank you, I understand, I have heard your suggestion. In general, how can we actively include all enterprises in the consolidated report in the future, and how can we make all of them transparent and detailed? On that side, I understand that all people at all levels, all those involved in this work, think about it to a certain extent, share their ideas and think about how to improve. So, let's talk to you again about how to improve in the future, how to give recommendations, and how to do it.

G.Urantsooj: Thank you, Human Rights Development Center. We are a member organization of the PWYP coalition. And we are also members of this working group. Well, this is the fourth time this team is reporting. Of course, we think it is improving. What exactly did you recommend after doing it four times? And it would be great if you could make a single table and attach it to show whether they were implemented or not. Then, even at the National Council, people can see that this work is being done in this way, and it is so important. These things are improving. These things are just repeating themselves, or even some of them are a little like that. Because the initiative that was seen in the previous recommendations has decreased, that is very serious. But we definitely need this work. Of course, those legal regulations are very necessary. And now I think that this will be included in the work program of this new government soon. I think that I will include this in the work program of the government for 2024-2028. So now, in the work plan for next year, we should pay a lot of attention to how to move forward with this law. That is why we should have a law no matter what, and we need to continue this work very well until we have a law. And if possible, without this, I think that it should reach a point where both sides, the government, government organizations, and companies, can now draw up their results and then discuss and adjust the differences among themselves. So until then, this work should go on. So, the only thing I want to say is that once you make that table, you should probably take it with you and make it clear that this work is so necessary. Thank you.

G.Erdene: Yes.

S.Tserenpurev: I would like to include these other companies in the recommendations to push them a little, because by issuing these international standard reports, they get high ratings on these big exchanges, right? Well, these Mongolian companies are being pushed down. So, they need to be included in the Bank of Mongolia law or something. So, there should be some kind of leverage. What if you include them in your recommendations this year? Even though the 19th report has been issued, they have not included them in any law of Mongolia.

They are not even fully included in the Mineral Resources Law. And our council members are also criticizing this on the word "voluntary". So, make a recommendation like this. Number 2, they say that local companies are submitting their reports poorly. The government receives and meets with the heads of the provinces. They should present this report at the meetings of the heads of the provinces. They say how effective and useful it is. On the other hand, we citizens also distribute these reports when we go to the localities. We also play a role in that. You have underestimated that role. I have been working in civil society for 25 years, so I am someone who works for the betterment of civil society.

G.Erdene: Okay, I understand. Thank you.

S.Battulga: Recently, our Department of Minerals and Petroleum sent an explanation via email. The geological costs of deposits made at state expense are paid. In return, they have provided some very good news about the progress of this. It would be good if you could write this in your report. In the past, we used to give figures on how much money such and such organizations paid in a given year. This year, we have provided a very detailed study on how many organizations signed this agreement, how many of them are paying the money, and how much has been paid. If you write this in your consolidated report, even people from civil society organizations can see it, it will be very valid news.

Sh. Tsolmon: Thank you. I have only two suggestions. First, I hope that the report will be revised in accordance with the suggestions made by today's members and prepared for presentation to the National Council in the near future. Second, I have a bitter experience that the English translation is quite late, and it takes years to pass. So, please pay attention to this. Also, pay attention to the quality of the translation. In addition, a brief introduction should be included about the Badrakh Energy Project. In relation to the 45 selected companies, in which aimags and where they operate. Should a separate table be made? In relation to those 7 companies, what is the opinion of the auditor? I think that the National Council will present it and make a decision there.

Then, a decision should be made whether to allow the remaining payment of 40% or 43.6 million tugriks of the contract signed with Sika to be paid according to the schedule. So, do you all agree?

Participants: Yes.

Sh. Tsolmon: Thank you.

D. Tsedenbal: There is one aimag that is attracting a lot of attention. That is why I would like to request that you organize a training seminar on activating the branch council in our aimag in 2026.

B. Khosbayar: I am local communication officer Khosbayar. The western regional conference was just about to be held, but it was canceled. I was thinking of going there to meet with the sub-council members and discuss our plans. As for meeting in person. We are constantly in touch online. We are conducting online training and meetings with the sub-council members, especially with government agencies. We are constantly providing up-to-date information.

S. Tserenpurev: I would like to hear the hearing or the work report of the working group on the law. It should be on the website of the Ministry of Justice and Internal Affairs. Or how about writing a letter to the UN, or our own staff, or our civil society. We have also offered to meet with the Secretary of State within the framework of this standard, within the framework of this initiative. There has been no response. Thank you.

Presentation Two: Implementation of the Mongolian EITI 2025 Action Plan and the Draft Plan for 2026.

EITI Office Coordinator Sh. Tsolmon briefly introduced the implementation of the 2025 plan and the draft plan for 2026. /presentation attached/

S.Battulga: I have reviewed the draft plan for 2026. For example, it says that 100% of reports will be collected. We have our own law, and if an organization does not submit a report, there is a fine, and the amount of the fine is announced in the law. In our country, I just got the numbers, as of today, only 84% submit their reports. So, when there is a law and fines, organizations do not submit reports, and there is no law, it is not possible to collect these reports 100% if they just voluntarily do so. That is why I am suggesting that you set a realistic figure.

Then, it would be great if the Ministry and our organization could include the EITI report or a single page report on the progress of the work in the reports that are sent out. It would be useful if this were also included in the Ministry's reports.

N. Bayarsaikhan: Hello, Head of the NGO "Step Without Borders". I have reviewed these materials and while the situation is improving in some respects, there are also some stagnation and regressions. I am concerned that these works will be carried out in 2026 without any budget.

So, for the new standard, this is a very important provision in terms of assessing gender and social impact. Because it seems that the benefits of this mining sector can only be effective if it is gender inclusive and brings about social change.

Transparency International Australia and the Natural Resources Institute Australia are jointly implementing a project called the Multilateral Trust Fund of the World Bank. These two organizations are implementing a project funded by that fund. They wrote this proposal because they felt that we should not only provide information on income but also pay attention to social indicators. The main requirement was that the country should be a country where the EITI is implemented. And since our country is already equal to it, there was a great opportunity. And in this sense, they received support. The product I will produce is to produce gender effects, produce performance indicators, and have a form.

Secondly, we have been doing a lot of multi-stakeholder discussions at the local level. Civil society organizations have been doing this since 2004 and 2005, and we have had experience going to the soum level. Our businesses are also very supportive. And now, to revive this, local authorities are getting younger and newer. And they need such guidelines, manuals, and directions. So, we have developed these guidelines to conduct multi-stakeholder discussions at the soum level, involving mining companies, local governments, and citizens, and to issue these guidelines, and to issue two things: gender assessment. So, looking at this work plan, there seem to be 1 or 2 things that need to be coordinated. I think that it will be more clear and I will also add my suggestions on this, and I will give my suggestions.

Sh. Tsolmon: Well, thank you. So, gender issues are one of the requirements of our EITI standards. Our companies report gender issues, for example, the number of employees in terms of men, women and people with disabilities.

The coordinator of the office read out the draft resolution of the meeting, and the members unanimously supported it 100%.

Sh. Tsolmon: Well, if there are no other proposals, I would like to thank all of you for participating in today's meeting, sharing your opinions, and actively participating, and I will conclude this meeting. Thank you

The meeting ended at 12:00.

The minutes of the meeting

Noted by State Secretary of the Ministry of Mining and Heavy Industry
B.Dashpurev

Note reviewed by:
Head of Finance and Investment Department of MMHI
T.Amartuvshin

The meeting chaired by:
Coordinator of EITI Secretariat
Sh. Tsolmon

Minutes are taken by:
EITI IT Specialist
Kh.Khulan