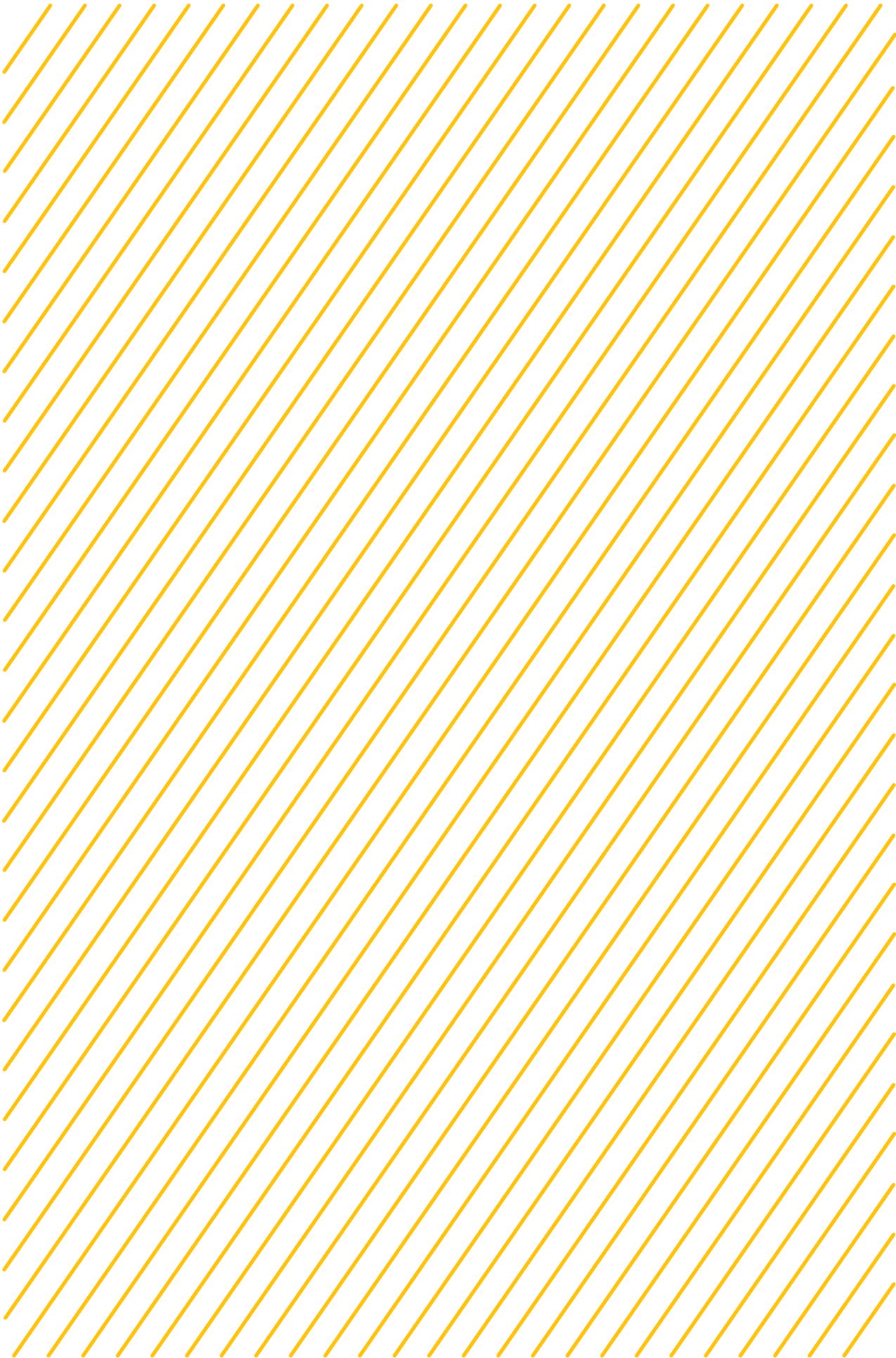




YEAR IN REVIEW 2020

Natural wealth to
enduring value,
knowledge and skill





Safety is the most important priority at Oyu Tolgoi. If a job is not safe, we will not do it.

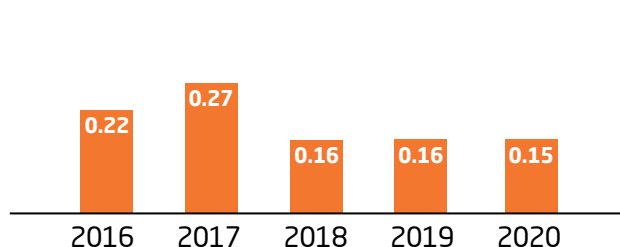
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The year at a glance¹

All Injury Frequency Rate (AIFR)

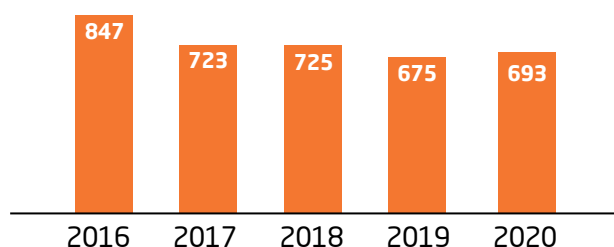
(Per 200,000 hours worked)



At the end of 2020, the All Injury Frequency Rate (AIFR) was 0.15 per 200,000 people hours worked, which makes Oyu Tolgoi one of the safest performers across Rio Tinto Group.

Concentrate Produced

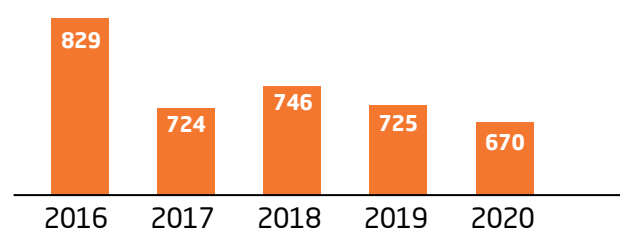
(Dry metric tonnes, 000's)



Access to higher copper and gold grades is expected to continue throughout 2021.

Concentrate sales

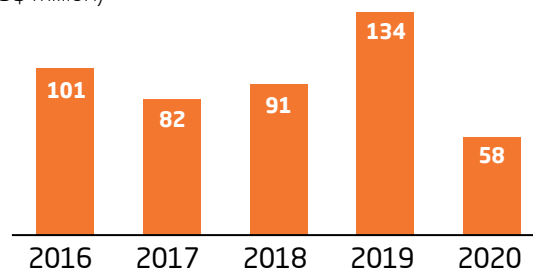
(Dry Metric Tonnes, 000's)



Concentrate sales were lower in 2020 compared to 2019 in line with lower shipments and customer collections due to border restrictions in Feb and Nov 2020 related to COVID-19 restrictions.

Sustaining Capital

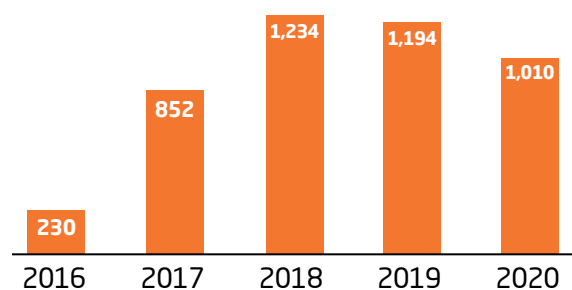
(US\$ million)



Sustaining capital expenditure was US\$76 million lower in 2020 compared to 2019. This is mostly due to US\$43 million lower deferred stripping asset costs due to lower waste mined in 2020 as a result from a change in mine sequencing prioritizing Phase 4B ore mining, US\$26 million lower sustaining capital projects, and US\$8 million lower maintenance componentization due to timing.

Underground Capital

(US\$ million)

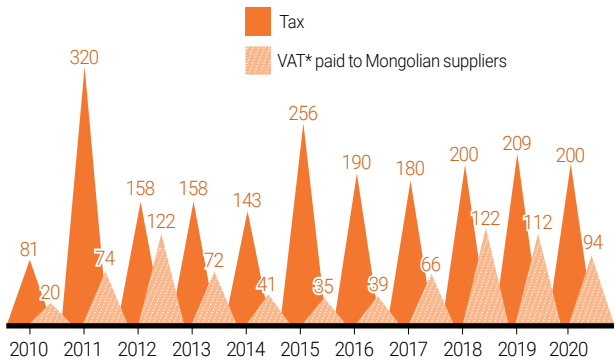


Underground capital expenditure was US\$1,010 million in 2020, US\$184 million lower than 2019 due to lower spend resulting from COVID-19 related restrictions of in-country expatriate rotations.

¹ Summary financial information has been extracted from the audited financial statements of Oyu Tolgoi LLC for the years ended 31 December 2020, 2019, 2018, 2017 and 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Amounts reported reflect Oyu Tolgoi LLC as a standalone entity and may differ from amounts reported by Turquoise Hill Resources Ltd. and Rio Tinto following consolidation adjustments and other differences in the application of accounting principles.

Taxes, Fees and other Payments

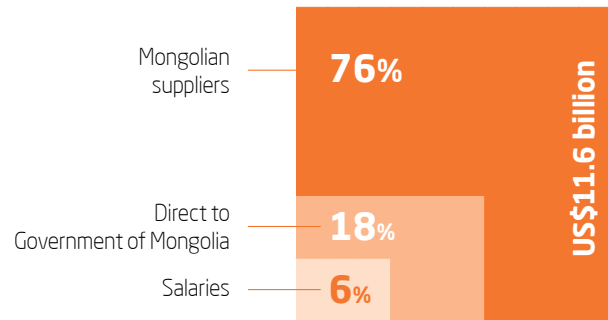
(2010 - 2020, in US\$ millions)



Between 2010 and 2020, Oyu Tolgoi paid US\$2.9 billion in taxes, fees and other payments, including the VAT paid to Mongolian suppliers. In 2020, Oyu Tolgoi paid US\$294 million in the form of taxes, fees and other payments to the Government of Mongolia.
 *OT does not reclaim VAT.

Total in-country spend

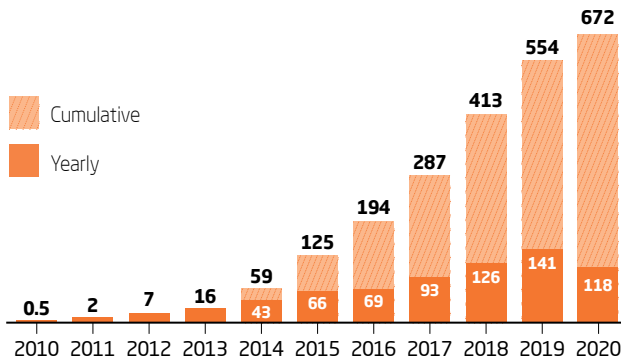
(2010 - 2020)



Between 2010 and 2020, Oyu Tolgoi spent US\$11.6 billion in-country in the form of salaries, payments to Mongolian suppliers, taxes and other payments to the Government of Mongolia.

Local Procurement (Umnugovi province)

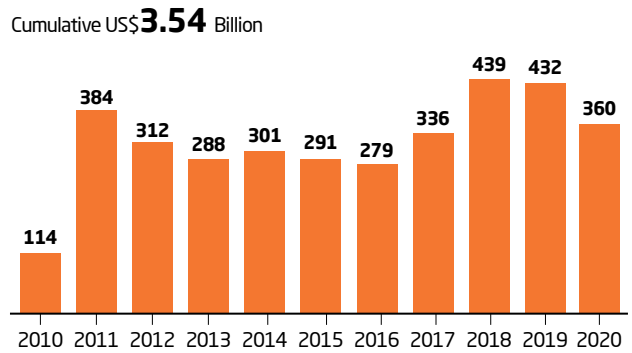
(2010 - 2020, in US\$ millions)



84 local suppliers provided goods and services to Oyu Tolgoi in 2020. Between 2010 and 2020, Oyu Tolgoi spent US\$672 million on procurement from Umnugovi province.

National Procurement

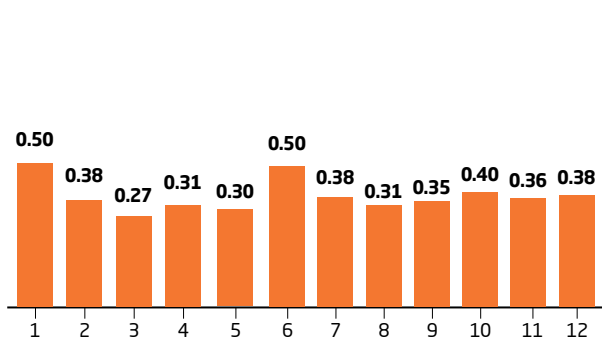
(2010 - 2020, in US\$ millions)



Oyu Tolgoi operations procurement team collaborated with 770 suppliers in 2020, of which 499 are national businesses representing 72 percent of total operations procurement spend. Between 2010 and 2020, Oyu Tolgoi spent US\$3.54 billion on national procurement.

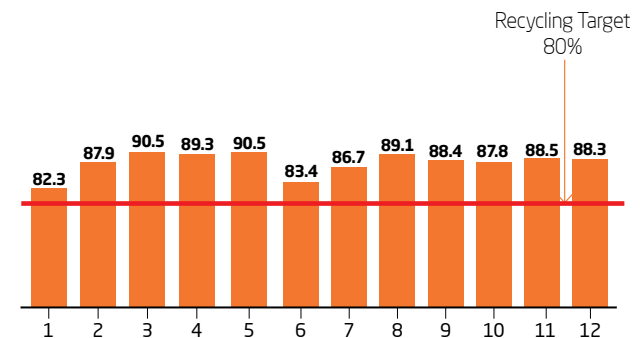
Water use efficiency

(Cubic metres per tonne of ore processed by month)



Water recycling rate

(Percent by month)



Greetings from the Chairman of the Board of Directors



I would like to extend my greetings to you as we look back proudly at the achievements of the Oyu Tolgoi family in continuing operations and progressing the underground development during 2021.

It is important to note and highlight that the COVID-19 pandemic had significant and adverse impacts on the nation's economy, and the health and livelihood of the Mongolia people. The mining industry, including Oyu Tolgoi operations and underground development, also felt the effects and faced disruptive challenges.

Thanks to the great support offered by the government, state and provincial authorities, as well as the Oyu Tolgoi workforce, contractors and partners, we were able to overcome the challenges.

One of our joint triumphs was the fact that our team comprised of Mongolian experts successfully concluded concentrator maintenance shutdowns safely and on-time despite the tumultuous times caused by the pandemic.

I take great pride in the young generation of national engineers and technical experts diligently learning from skilled and experienced expatriate professionals.

The year also saw us receive the internationally-recognised Copper Mark as a responsible and sustainable producer of copper – a testament to the hard work and tenacity of our people and the executive team.

Our US\$11.6 billion total in-country spend to date demonstrates the project's contribution to the economic and social development of the country. In the past year, the Oyu Tolgoi Board of Directors focused on strategically ensuring the growth of workforce talent, local development, and domestic power sourcing, among many other objectives.

One of the highlights of the year was the successful organization of the first ever virtual site tour for the Rio Tinto and TRQ boards, allowing a generation of young, passionate and hardworking Mongolians to demonstrate their pioneering achievements in the industry.

In 2020, we continued to progress the near decade of the development to ensure we are well positioned to make a crucial milestone decision related to the Oyu Tolgoi Underground Project this year – the undercutting.

We are planning to achieve a successful outcome to the shareholder discussions, strengthening the commitment to the underground development. This will allow the Oyu Tolgoi workforce, who are keen to start production from the underground mine, to begin within the planned timeline and continue their goal to construct a world-class mine.

I would like to express our sincerest gratitude to officials at all levels of the Government of Mongolia, provincial governments and Emergency Commissions, for supporting us and providing us with the opportunity to continue Oyu Tolgoi's operations and underground development in these challenging times.

Ambassador Batsukh Galsan, PhD
Chairman of the Board of Directors, Oyu Tolgoi LLC

Greetings from the CEO and CDO

2020 was a challenging year for everyone across the world. Oyu Tolgoi LLC was no exception. With the onset of COVID-19 we had to learn new ways to work. Many of our colleagues worked longer rosters than normal at site; many unexpectedly found themselves at site for several weeks longer than planned; others had to balance working at home and personal commitments, and some were away from their families for an extended time due to international border restrictions. Despite these challenges, we safely delivered on our commitments and achieved outstanding results.

We are particularly proud of the remarkable journey we have made in improving safety. Oyu Tolgoi is an industry leading performer in safety, ending the year with an All Injury Frequency Rate (AIFR) of 0.15. Our 2020 Safety Maturity year-end assessment, which undergoes external benchmarking, indicated we are progressing towards an advanced state of safety maturity, comparable with other world-leading operations. This motivates us to further improve and mature our safety systems, approach and mindset towards our ultimate goal of achieving zero harm.

We were also proud the assessment team acknowledged the work to advance Mongolian leaders, and the strong zero-harm mindset at every level of the operations, which is what makes Oyu Tolgoi a special place to work.

As part of our continuous efforts to improve our environmental performance, we were pleased to maintain excellent water-conservation practices in 2020, achieving an average water-recycling rate of 87.7 per cent, compared to a target of 80 per cent. We understand how valuable water is for the Gobi region and we will continue to drive improvement in our water recycling process and support the local community on water conservation plans.

Our surface operations, underground project and mining teams achieved excellent results, notwithstanding the impacts of COVID-19. In 2020, we exceeded our copper and gold production guidance, with shipments across the Chinese border continuing amid robust and stringent preventative measures.

For the Underground Project, the new mine design was concluded, providing a clear pathway towards future development and ultimately, sustainable production. We also successfully transitioned the underground mining and functional teams from the Underground Project into existing Operations. This transition is an important validation in the confidence we have as a leadership group that Oyu Tolgoi is ready to become an underground producer.

We continue to serve as a critical pillar of the Mongolian economy and our commitment to the prosperity of Mongolia is stronger than ever. We continued to strengthen our partnership with the local communities and regions, and expanded the national supply chain, to help mitigate the economic impacts of COVID-19.

In 2020, Oyu Tolgoi LLC reached US\$11.6 billion of in-country spend since 2010. This is the largest foreign investment in Mongolia and has substantially contributed to the country's economic development through taxes, fees, national and local procurement, salaries and other contributions provided to communities and society over the past decade.

In 2020, Oyu Tolgoi became one of the first mine operations globally to be awarded the Copper Mark, the industry's independent responsible and sustainable production assurance programme.

Oyu Tolgoi's copper was assessed against 30 criteria, based on the United Nations' Sustainable Development Goals, across ESG categories including

health and safety, emissions, human rights and community development.

All these achievements were obviously made possible thanks to our people. Our workforce dealt with an unprecedented year head-on with determination and resilience. Exceptional work by our teams helped us navigate through the ever-changing conditions brought on by the pandemic, and maintained our copper concentrate convoys, kept our workforce mobile, and most importantly ensured the integrity, health and wellbeing of our people.

As we reflect on our 2020 achievements, the past year has shown us that we need to prepare ourselves for the challenges and opportunities ahead. 2021 will be yet another significant year as we deliver critical milestones related to the underground mine construction, start underground production through initiating the undercutting process, and focus on working with the Government of Mongolia to deliver a

power solution. We must also deliver our commitments for copper and gold production in line with our cost targets, build on our strong partnership with our communities by supporting the development of local entrepreneurship, continue to build national supply chains, invest in human capital development, and continue to communicate factual information about Oyu Tolgoi to the public. We have no doubt we will be able to achieve all this and more with the help of our talented workforce.

Lastly, we would like to express our sincere gratitude for the support that our shareholders, stakeholders, local, regional and national partners, suppliers and contractors have shown us during an extraordinary 2020. We look forward to achieving more together in 2021. Oyu Tolgoi's continued success and operations are now even more important for Mongolia than ever before. For us and for Mongolia, we must continue to move forward.

Armando Torres
Chief Executive Officer

Jacques van Tonder
Chief Development Officer



Company profile

Oyu Tolgoi is a world-class mine in the Umnugovi province of Mongolia and holds one of the largest undeveloped high grade copper deposits in the world.

Oyu Tolgoi LLC is owned by Turquoise Hill Resources Ltd. (66 percent) and Erdenes Oyu Tolgoi LLC (34 percent). Erdenes Oyu Tolgoi is wholly owned by the Government of Mongolia. Turquoise Hill Resources Ltd. is majority owned by Rio Tinto (51 percent). Since 2010, Rio Tinto has provided strategic and operational management services to Oyu Tolgoi.

The Oyu Tolgoi mine site is approximately 550 kilometres south of Ulaanbaatar and 80 kilometres north of Mongolia's border with China. The Oyu Tolgoi deposit was discovered in 2001.

Oyu Tolgoi is led by an executive team of experts in all aspects of the mining business, and this team drives the strategic agenda for the business. Oyu Tolgoi's Board of Directors, made up of representatives of all shareholders, plays an oversight and decision-making role in support of the strategic directions of the company.






At the end of December 2020, over 95.4 percent of Oyu Tolgoi's workforce was Mongolian, of which 24.2 percent were from the Umnugovi community.

Oyu Tolgoi is governed by a code of business conduct, called *The Way We Work*. It sets out the principles which guide the behavior of everyone at Oyu Tolgoi and the decisions that the business makes. It includes standards on environmental protection, sustainable development, avoiding corruption, and the rights and responsibilities of our workforce.

Oyu Tolgoi is currently an open pit only operation with a concentrator and support infrastructure to process 100,000 tonnes of ore per day. Oyu Tolgoi sells its copper concentrate to international customers through a combination of long-term and spot contracts. Development of the underground mine is well underway. Once ramp up to full production is completed, Oyu Tolgoi will be a globally competitive, low-cost producer and one of the world's top producers of copper in concentrates.

In 2020, Oyu Tolgoi focused on five key areas - safety, people, partnership, cash and growth, based on the company's 10 year development strategy. Oyu Tolgoi remains in a strong position to meet continuing market challenges and deliver one of the largest mining projects in the world.

Our vision, Our future

Vision	Natural wealth to enduring value, knowledge and skill				
Mission	Together deliver a safe and globally competitive copper business that contributes to the prosperity of Mongolia				
Values	Safety	Teamwork	Respect	Integrity	Excellence
Priorities					
Focus Areas	<p>Lead the mining industry in safety, and influence broader progress</p> <p>Maintain world class environmental performance</p>	<p>Build a capable and highly engaged workforce</p> <p>Ensure fairness in employment, build a more inclusive and diverse workplace</p> <p>Continue focus on developing talent pipeline</p>	<p>Optimize business performance, increasing efficiency through continuous improvement</p> <p>Build a learning organization with an embedded 'Owner's Mindset' across the whole workforce</p>	<p>Maintain a productive and positive relationship with stakeholders</p> <p>Support the creation of an empowered and sustainable local community, with an entrepreneurial Umnugovi</p> <p>Develop a competitive and sustainable national supply chain</p>	<p>Deliver the underground development on schedule, with a reliable ramp up, to secure the long term future of Oyu Tolgoi</p> <p>Continue to develop customer relationships underpinned by sustainable value</p> <p>Develop a mine-to-market supply chain capable of delivering underground volumes safely and efficiently to market</p>

Oyu Tolgoi was guided throughout the year by the company's vision, mission, values, and strategic focus, known as Our Vision, Our Future.

Introduced to the business at the start of 2015, Our Vision, Our Future encompasses a plan to deliver a safe and globally competitive copper business, which contributes to the prosperity of Mongolia and provides an appropriate return to shareholders.

Oyu Tolgoi has five values, which guide our behaviour and approach to doing business. These are Safety, Teamwork, Respect, Integrity and Excellence.

Our Vision, Our Future also identifies five priorities, covering the focus of the business.

Our 5 priorities



Safety



People



Cash

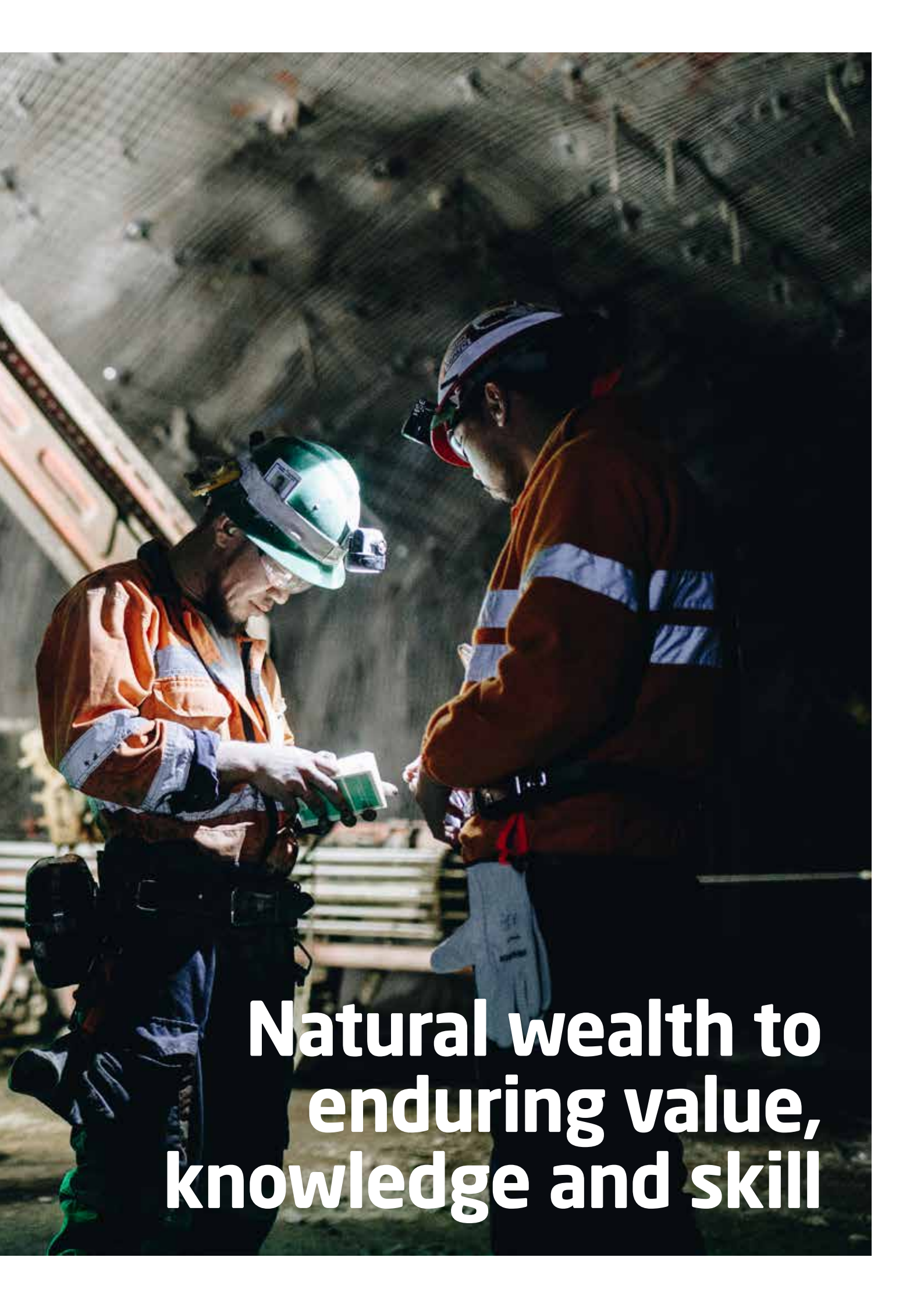


Partnership



Growth





**Natural wealth to
enduring value,
knowledge and skill**

Financial performance

Prices

In 2020, copper prices rose a staggering 73 percent from the lows of March (US\$4,617 per tonne) to finish the year at seven-year highs of US\$7,964 per tonne. Following the COVID-19 shock in the first quarter, a strong recovery of Chinese demand in the second half led to a higher than anticipated bounce on copper consumption which offset a contraction in demand in the rest of the world. Concerted global stimulus measures and a roll-out of ambitious metals-intensive infrastructure and green investment programs boosted investor sentiment and contributed to the copper price rally in the fourth quarter. Gold was also re-rated during the pandemic, with prices up 27 percent year on year to average US\$1,770 per ounce in 2020. Investors fled to gold as a safe haven asset for most of the second and third quarters, sending prices up above US\$2,000 per ounce in August. As government stimulus packages were announced from mid-year and global equities rallied, gold prices retreated.

Revenue

Sales revenue was lower than 2019 due to lower volumes of gold production from lower head grades. Higher prices partially offset the impacts of lower sales volume.

In 2020, Oyu Tolgoi earned sales revenue of US\$1,078 million (2019: US\$1,166 million) from sales of 670 thousand dry metric tonnes (kdmt) (2019: 725kdmt) of concentrate with metal content of 138 thousand tonnes (kt) copper (2019: 150kt); 150 thousand ounces (koz) gold (2019: 274koz); 760 thousand ounces (koz) silver (2019: 896 koz).

Production

Open pit material mined decreased from 101.3 million tonnes (Mt) in 2019 to 97.7 million tonnes in 2020 as mining advanced to the deeper benches of Phase 4B and Phase 6B resulting in longer haulage cycle times. Mill throughput decreased by 1 percent to 40.2 million tonnes in 2020 due to slightly lower mill availability.

US\$m	2020	2019	2018	2017	2016
Sales Revenue	1,078	1,166	1,180	940	1,203
Underlying Earnings Before Interest, Taxes, Depreciation and Amortisation (Underlying EBITDA)*	379	350	367	230	390
Underlying EBITDA Margin (percent)*	35%	30%	29%	24%	32%
Sustaining capital expenditure	58	134	91	82	101
Underground capital expenditure	1,010	1,194	1,234	852	230
Taxes, fees, and other payments to government**	200	209	200	180	190

*Underlying EBITDA represents profit before: tax, net finance items, depreciation and amortization charged to the income statement and exclusive of any impairment charges.

** Exclusive of VAT paid in domestic procurement. Oyu Tolgoi LLC does not reclaim VAT.

Sustaining capital expenditure

Sustaining capital expenditure was US\$76 million lower in 2020 compared to 2019. This is mostly due to US\$43 million lower deferred stripping asset costs due to lower waste mined in 2020 as a result from change in mine sequencing prioritizing Phase 4B ore mining, US\$26 million lower sustaining capital projects, and US\$8 million lower maintenance componentization due to timing.

Underground capital expenditure

Underground capital expenditure was US\$1,010 million in 2020, US\$184 million lower than 2019 due to lower spend resulting from COVID-19 related restrictions of in-country expatriate rotations.

Total development capital expenditure on the underground project reached US\$4.5 billion since January 2016. Project to date commitments of US\$5.0 billion include the award of over US\$3.7 billion to national suppliers, exceeding the original target of US\$1.4 billion set in 2016 and the revised target US\$2.0 billion in 2018. Of direct contract awards, US\$1.0 billion was awarded to international suppliers. Contributions to local vendors through procurement and contract packages represent 78 percent of total project procurement commitments.

Taxes, fees and other payments

Taxes, fees and other payments made directly to the Government were US\$200 million in 2020, US\$9 million lower than in 2019. This is a result of a US\$6 million decrease in withholding tax payments (2020: US\$8 million; 2019: US\$14 million) due to a decreased onshore service driven by COVID-19 restrictions and \$4m decrease in employee related taxes due to lower social health insurance and personal income taxes paid from a decreased number of expatriates.

During 2020, Oyu Tolgoi received US\$982 million (2019: US\$1,375 million) from related parties to finance underground construction, project finance interest payments and project finance principal repayments. Funds of US\$405 million were drawn as equity and US\$577 million as shareholder debt (2019: US\$645 million equity and US\$730 million debt). The amount called from related parties was lower than would otherwise have been required because cash flow generated from operations exceeded amounts spent on sustaining capital at existing operations. Total borrowings at year end were US\$11.45 billion.



* Exclusive of VAT paid in domestic procurement. Oyu Tolgoi LLC does not reclaim VAT.

Cash improvement programmes

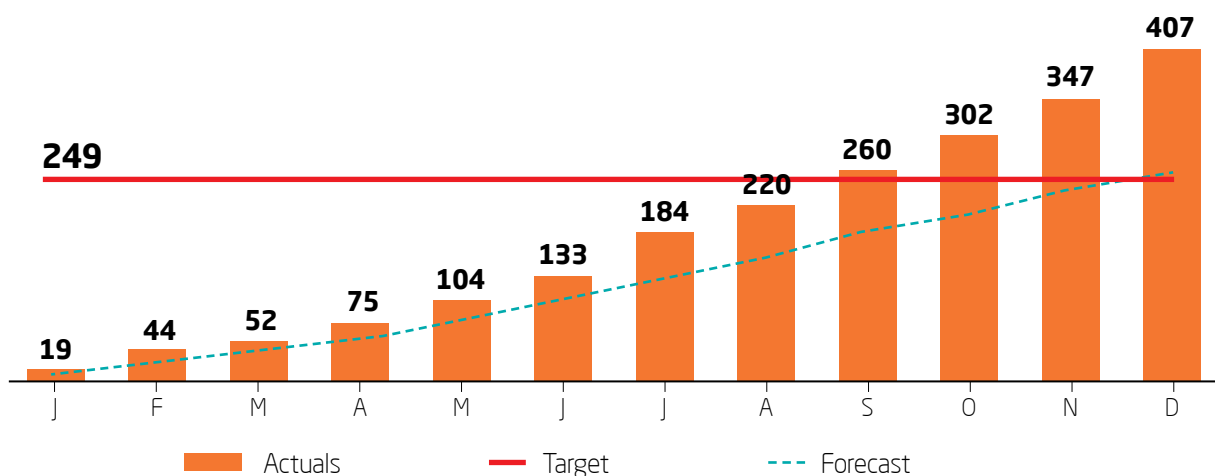
The Business Transformation Programme focuses on the implementation of the Owner's Mindset to drive how Oyu Tolgoi identifies and implements business value and improves organisational health. The programme was first launched in 2017 and has been performing strongly with a cash delivery of over US\$1 billion^{1,2} through implementing value initiatives, such as revenue improvements, operating cost reductions, net-working capital reductions, and sustaining capital reductions.

Building Full Potential (BFP) Deep Dives and Idea Generation Sessions (IGS) are used to generate potential improvement ideas and initiatives for refilling the transformation pipeline, whereas the Momentum system is used to track and report the status of initiatives and pipeline progress. The dedication and the hard work, by all initiative owners and supporting teams on generating ideas and implementing initiatives, delivered US\$407 million² cash in 2020, exceeding the target of US\$249 million.

Successes in 2020 included:

- » Continued efforts on building the Owner's Mindset and problem-solving skills;
- » Continuing improvement on process maturity;
- » Strong participation and engagement of stakeholders;
- » Managing a pipeline of 362 improvement initiatives by 165 initiative owners;
- » Organised 19 IGSs involving 150 people; and
- » Increased the focus on department costs through weekly Cash Preservation review processes and significantly improving cost reductions.

2020 Business Transformation Programme value (US\$ million)



1 Cash value is accumulated over 2017-2020 period

2 All values captured in Transformation program are calculated as improvement over prior performance and do not include external factors, such as price. Whilst calculations are validated against financial and performance data, they do not represent the business' financial performance.

Supply chain

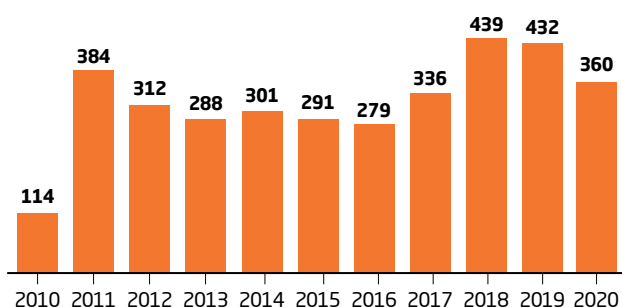
Oyu Tolgoi continued to develop in-country supply chains and prioritising in-country value add, particularly in Umnugovi province, as part of the broader strategy of ensuring a secure supply of products and services.

The in-country procurement spend ratio in total operational procurement has been constantly increasing and reached 85 percent in 2020. Oyu Tolgoi collaborated with 770 suppliers of which 499 were national businesses. Between 2010 to 2020, Oyu Tolgoi operations spent US\$3.54 billion on national procurement. Operational spend with Umnugovi suppliers has been increasing each year: from US\$0.5 million in 2010 to close to US\$120 million in 2020.

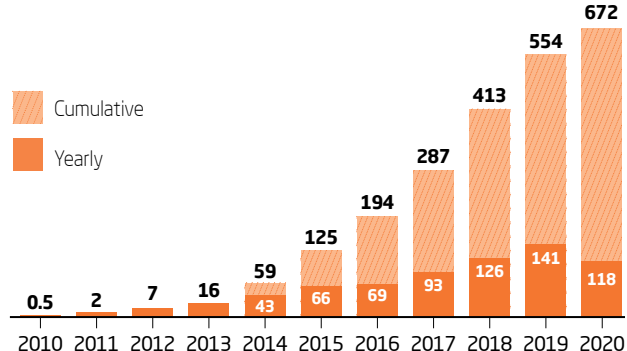
As a result of the COVID-19 pandemic, 2020 has been an extremely challenging in moving necessary goods and contractor personnel to keep the operations running safely. Thanks to the National Procurement strategy, the supply chain of many critical products and services are closer to the operations than before, helping OT to continue operating during the pandemic.

National Procurement (2010 - 2020, in US\$ millions)

Cumulative US\$ **3.54** Billion



Local Procurement (Umnugovi province) (2010 - 2020, in US\$ millions)



Made in Mongolia Programme

The "Made in Mongolia" strategy continues to expand. The strategy delivered a range of items including hygiene consumables such as hand sanitizers and wipes, fire extinguishers, industrial filters, and a variety of electric



products that Oyu Tolgoi would have previously imported. In 2020, 11 new "Made in Mongolia" agreements were signed at a value of US\$9.7 million per annum, creating more than 320 new local jobs.



The strategy continues to expand aligned to the fast-developing Underground scope, with the first ever ground support consumables such as rock bolt and resin capsules now being assembled in Khanbogd soum, creating new local manufacturing and employment capabilities that will last throughout the life of mine.

Supplier Capacity Building

The Supplier Capacity Building Programme through the Business Innovation and Growth (BIG)* centers in Ulaanbaatar and in Dalanzadgad has grown as supplier development needs have evolved, and expanded into a production management advisory service, such as 5S, Kaizen, as well as the assisting the development of business finance proposals.

Since inception of the program in 2018, 441 training sessions* were organized with 3,521 participants (58% were women) where 72% of businesses expanded their business and 34% increased revenues, while successfully obtaining MNT3.6 billion financing from commercial banks on their own.



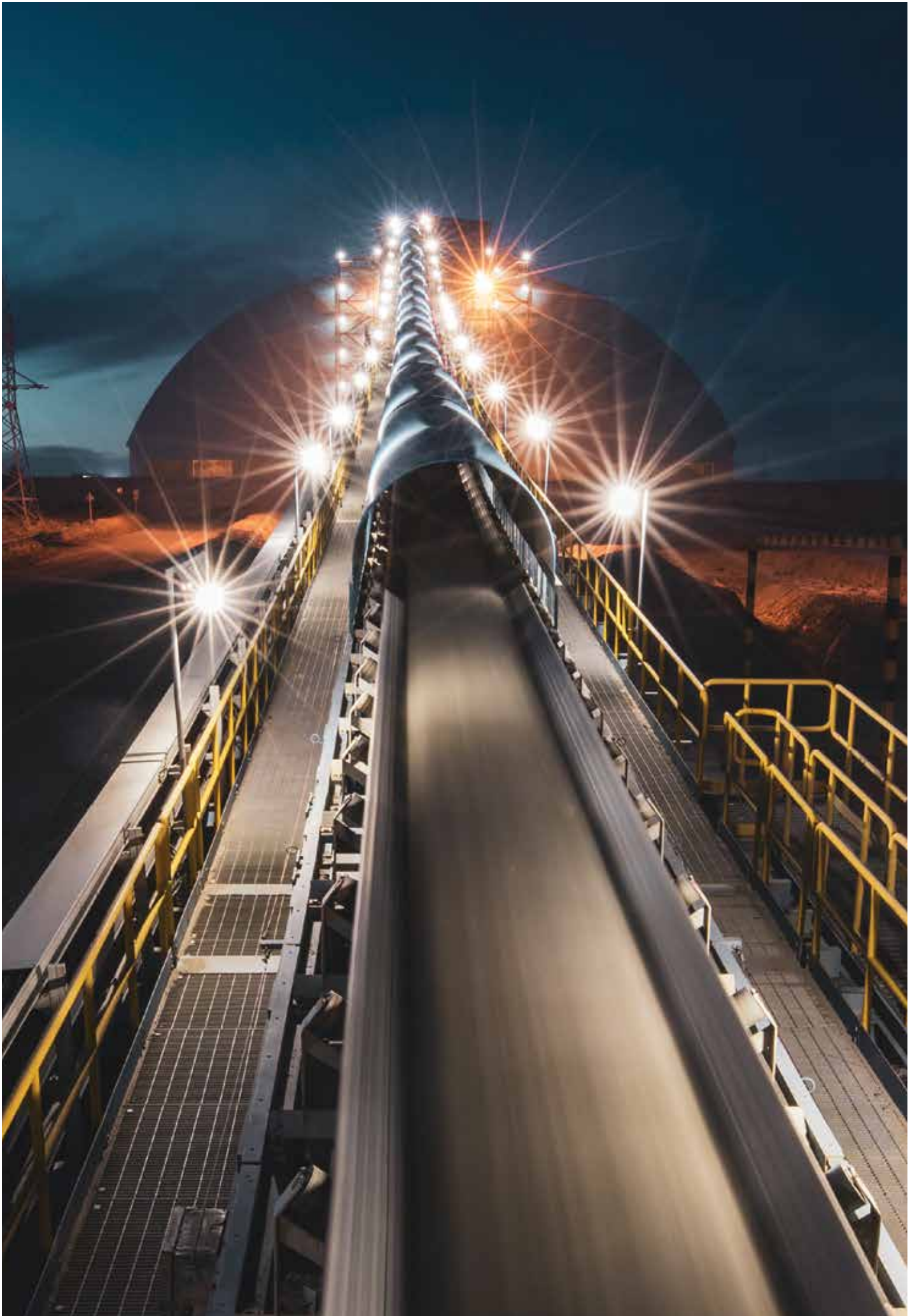
Access to Finance for OT suppliers

Oyu Tolgoi renewed its agreement with five Mongolian major commercial banks, continuing delivery of the Supply Chain Financing programme. This programme gives our suppliers the opportunity to access low cost financing at favorable terms. This assists Oyu Tolgoi to have a more secure supply chain, as well as helping local businesses to manage their cash flow more effectively.

To date, close to 300 suppliers accessed US\$600 million or MNT1.3 trillion through this facility.



* Business Innovation and Growth (BIG) Centre internal assessment. Oyu Tolgoi's Supply Chain Financing was established with local commercial banks three years ago to provide Oyu Tolgoi LLC suppliers with access to lower cost of financing.



Caring for our people and the environment

Safety and Environment remained our top priority in 2020. With new challenges presented by COVID-19, our HSES team worked with an increased focus on safety performance and achieved new standards.

We continued to implement the key pillars of our safety strategy:

- » Fatality prevention: Critical Risk Management (CRM);
- » Catastrophic event prevention: Major Hazards Framework;
- » Injury reduction.

At the end of 2020, the All Injury Frequency Rate (AIFR) was 0.15 per 200,000 people hours worked, which makes Oyu Tolgoi one of the safest performers across the Rio Tinto Group.

2020 achievements include:

- » Oyu Tolgoi was awarded the 'Copper Mark', a comprehensive, credible assurance framework that showcases the copper industry's responsible production practices aligned to the United Nation's Sustainable Development Goals;
- » Oyu Tolgoi leaders participated in over 181,000 verifications to eliminate risks in the workplace. Oyu Tolgoi successfully implemented the Rio Tinto Safety Maturity Model (SMM) programme as a 'blueprint' for managing safety, helping to rebalance the focus of performance across three pillars of the safety strategy;
- » The "Safety Coaching Programme" was implemented, leading to improved safety behavior and performance, increasing engagement for both leaders and team members, and supporting continuous leadership skills development in fundamental safety tools as part of the SMM programme;
- » Oyu Tolgoi has implemented a Senior Leadership 3-in-a-row review process for serious events and incidents on the 12-18 month anniversary of the incidents. This evaluates the effectiveness of controls that are implemented to prevent the risk of serious events occurring again;
- » Management of major hazard risks was another key focus area for 2020. Oyu Tolgoi continues to implement the Major Hazard framework to prevent catastrophic events.

Environment

Oyu Tolgoi continues to operate sustainably to ensure the lowest possible environmental impact by avoiding, minimizing, rehabilitating and implementing biodiversity offset projects. To ensure a positive impact on the environment, the following assurance activities took place in 2020 for Oyu Tolgoi, including:

- » Awarded the Copper Mark for meeting the requirements of responsible production practices;
- » Independent Environmental and Social Consultancy (IESC) audit as per the loan agreement.

Water



Oyu Tolgoi is committed to effectively managing the critical water resource in the Gobi desert. Oyu Tolgoi maintained its industry-leading performance in water-usage in 2020. The natural water extracted to process one tonne of ore is less than 0.4 cubic meter of water, achieving an average water recycling efficiency of 87.7 percent.

Oyu Tolgoi continued a project of sealing old water exploration bores, completing a total of 32 bores, and handing over the rehabilitated areas back to local government.

Biodiversity



The Core Biodiversity Monitoring program continued a series of initiatives in 2020 to protect Mongolia's unique flora and fauna. The Goitered Gazelle collaring project successfully harnessed 28 collars, supporting the understanding of how development projects impact this species. Similar wild animal monitoring programmes were completed for Argali, Birds, Asiatic Wild Ass, among others.

Oyu Tolgoi supported local NGOs to protect regionally endangered trees, the Populus, and built fences to protect further degradation due to grazing. This generated immediate results of assisting the recovery of young tree growth.

Rehabilitation



The main achievement of 2020 was the successful first hand-over of rehabilitated pastures, regrown to national standards, to the local government. Years of effort culminated in a total of 52 Ha of pasture being rehabilitated. The local government inspection group confirmed the area achieved total restoration. In addition, Oyu Tolgoi conducted 15.7 Ha of technical and 19 Ha biological rehabilitation field-work in 2020.



The Copper Mark

Oyu Tolgoi is one of the first operations globally to be awarded the Copper Mark, the copper industry's new responsible production program.

To be awarded the Copper Mark, Oyu Tolgoi has demonstrated that it meets more than 30 criteria for responsible environmental, social and governance operating practices.

The Copper Mark is the first and only program for responsible production of the copper industry. Originally developed by the International Copper Association with inputs from a broad range of stakeholders including customers, NGOs and producers, the Copper Mark is now an independent entity with a multi-stakeholder council.

As part of this program, Oyu Tolgoi has also made a series of commitments about the way it operates, how it contributes to Mongolia's society and economy, and how it manages environmental impacts. These commitments are underpinned by a number of policies, procedures and an approach which recognizes that Oyu Tolgoi has a role to play in supporting the long-term development of Mongolia and sustainable supply chains.



Security and emergency response

Underground Mines Rescue

Underground Mine rescue training

The Underground Mine Rescue Services team have successfully completed 6,368 man/hours of training for 156 mine rescue volunteers safely without incident. This was across Mine Rescue core skills, MRT Continuation Training, and site-wide project support for live fire training for first responders.

Underground Mine Rescue operations facility

The commissioning of this facility at 1,256 meters will ensure that all necessary rescue tools and equipment are prepared and available within the mine, enabling a timely response in the event of an emergency. The facility has a total capacity of 50 people and is capable of operating independently for 72 hours without compressed air and main power from the surface. It will also provide the means and resources to involve several rescue teams in the event of a protracted incident. The facility is 100% operational.

MRV 9000 rescue vehicle

We received and commissioned our Draeger MRV 9000 rescue vehicle in the first quarter of 2020. The vehicle is able to provide rescuers with air to breathe for at least 5 hours in an irrespirable mine environment, eliminating the need to use a CCBA breathing apparatus when the rescue team travels in the vehicle. In addition, when visibility is limited, thermal camera capability in the vehicle will allow access into challenging underground environments.

In terms of safety, this equipment plays an important role in ensuring the safety of the Mine Rescue Team and casualty extraction during emergency response. It will also provide quick access to the scene of an incident.

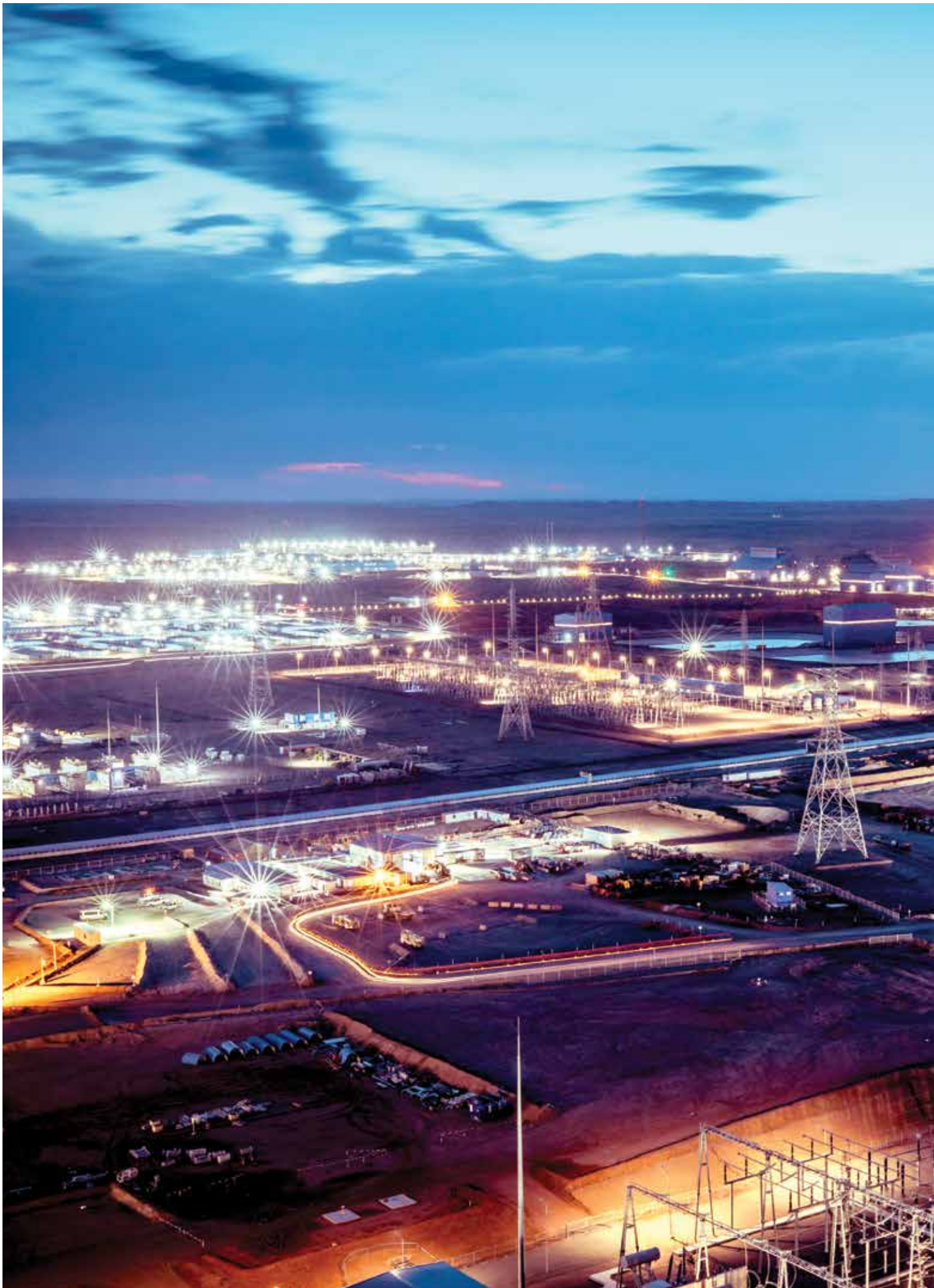
Surface Emergency Response:

Local Community emergency support

- » Fire calls – 2;
- » Road accident – 4.

External stakeholder

- » Conducted two fire prevention inspections on the premises at the Oyu Tolgoi mine site with a state fire inspector of the Umnugovi province emergency department and provided the required support to the relevant teams to address learnings;
- » Organized training courses for firefighters and rescuers of the 66th Fire brigade in Khanbogd soum to develop their emergency preparedness and response arrangements. This training program aimed to transfer knowledge and capability;
- » A road crash rescue and firefighting drill was organized in cooperation with Oyu Tolgoi site security, Khanbogd police, 66th fire brigade of Khanbogd soum, Bambai, Imperial security and Khanbogd Khurd LLC.





Globally competitive operations

Oyu Tolgoi Operations have achieved another strong annual performance in 2020 in spite of the challenges of COVID-19.

Open pit

Total ex-pit material movement decreased from 101 million tonnes (Mt) in 2019 to 98 Mt in 2020. Mining activities were largely focused on progressing the Phase 4B cutback. Mining continued in Ph 6B and pre-stripping in Ph 5A commenced. Waste rock from the open pit continued to support the development of Tailings Storage Facility 1 (TSF1). Mill feed tonnage was 1 percent lower than 2019 due to two mill shuts in 2020 and increased hardness of ore, predominantly from southwestern ores.

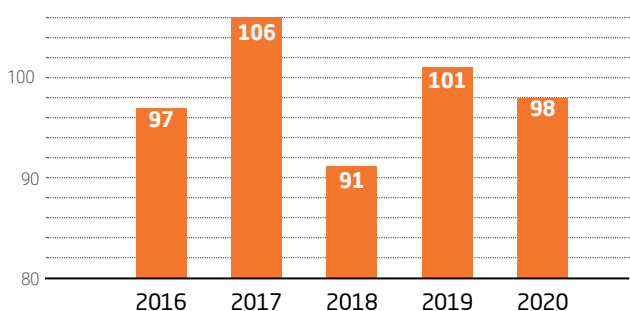
Mined copper production from the open pit was two percent higher than 2019, reflecting the scheduled move to higher grade areas of the open pit, and primarily due to accelerated mine development and production phasing. In the fourth quarter, pit phasing delivered higher gold production (+139 percent) compared to the prior quarter. Access to higher copper and gold grades is expected to continue throughout 2021. Shipments across the Chinese border continued while maintaining COVID-19 preventative measures.

Concentrator

The concentrator throughput of 40.2 million tonnes was the third highest achieved since operations began. During 2020, 670 thousand tonnes of bagged copper concentrate was shipped from the mine site for export and delivery to international customers and 150 thousand tonnes of copper and 182 thousand ounces of gold have been produced in concentrate.

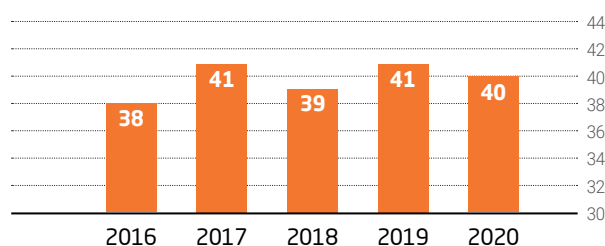
Open pit Material Mined

(Million tonnes)



Concentrator mill rate

(Million tonnes)



Skilled workforce continuously learning

People and Growth are our key priorities, even in challenging times. We strive to grow with our workforce to improve on our past achievements. We employ a predominantly national workforce and at the end of 2020, 95.4 percent of Oyu Tolgoi’s total workforce of 12,364 were Mongolian citizens. The main workforce objectives during 2020 were:

- » The wellbeing of our employees;
- » Advancing the leadership programme;
- » Growing Oyu Tolgoi Proud and recognizing performance;
- » Improving our workforce services;
- » Successfully integrating teams;
- » Upskilling our workforce.

The wellbeing of our employees

2020 required taking immediate flexible actions to manage our workforce during the COVID-19 pandemic, especially being aligned with decisions and guidelines from the State Emergency Committee, Oyu Tolgoi Business Resilience Team, and Rio Tinto policies.

All necessary support was provided to the workforce to ensure business continuity for the short and long term. This included balancing care for our people and developing relevant policies such as flexible work, leave, and pay arrangements, including new allowances and payments, as well as changes in roster and fatigue days. All these

measurements were people centric ensuring safety and wellbeing, as well as care and support through an unprecedented global crisis. Oyu Tolgoi LLC conducted its People Survey for Q4/2020. Results show that the COVID-19 response was one of the highest scoring areas, with a rating of 86/100 on effectiveness.

Oyu Tolgoi company developed a **“Family and Domestic Violence Guideline”** and introduced it to all our employees in 2020.

The Family and Domestic Violence Guideline has provided our leaders and our employees with systematic information on what support the employees can receive from the company in the event of or effects of domestic violence.

The “Oyu Tolgoi Family & Domestic Violence Guideline” sets out, but is not limited to, the following support:

- » Leave arrangements (up to 10 days of paid leave);
- » Flexible working arrangements;
- » Retention of an employee’s position;
- » Emergency financial assistance;
- » Psychological counselling through the company’s Employee Assistance Program; or
- » Psychiatric counselling at the site medical centre

FAMILY AND DOMESTIC VIOLENCE SUPPORT SERVICES

SUPPORT SERVICES AT OYU TOLGOI	HOW CAN YOU HELP?
<p>EMPLOYEE ASSISTANCE PROGRAMME (EAP) ☎ 9581 1443 Confidential psychological counselling service</p> <p>OYU TOLGOI SITE MEDICAL CENTRE ☎ 7577 8800 (extension: 6300) Confidential psychiatric counselling service</p> <p><i>For more information and to read Oyu Tolgoi Family and Domestic Violence Guideline visit OT Portal and search 'family and domestic violence'.</i></p>	<p>Believe them if someone has taken the difficult step of telling you their experience of domestic violence or abuse, it is important you respond in a supportive and appropriate way as it will have taken a lot for them to talk to you. Take the abuse seriously. It is damaging both physically and emotionally. People are much more likely to cover up or downplay the abuse, rather than to make it up or exaggerate.</p> <p>Listen without judging and make sure they understand it's not their fault. Don't keep trying to work out the 'reasons' for the abuse.</p> <ul style="list-style-type: none"> ✓ Don't give advice, or tell them what you would do. This will only reduce the person's confidence to make their own decisions. Listen to them and give them information, not advice. ✓ Be aware. Don't underestimate the danger they may be in, ask if they need help from a support service and discuss their options, offer to go with the person if they want extra support. ✓ Reach out. Keep in touch with the person to see how they are going, having an opportunity to talk regularly to a supportive friend or relative can be very important.
NATIONAL SUPPORT SERVICES	
<p>POLICE EMERGENCY/ONE STOP SERVICE CENTRE ☎ 102 or 107 Dial 102 in an emergency. The One Stop Service Centre, a free service operating 24 hours a day, will assist victims of domestic violence regardless of where they live.</p> <p>CHILDREN'S EMERGENCY AT AUTHORITY FOR FAMILY, CHILD AND YOUTH DEVELOPMENT ☎ 108 Seek assistance any time of the day if children are affected by or at risk of family and domestic violence.</p> <p>NATIONAL CENTER AGAINST VIOLENCE ☎ 9649 0505 National sexual assault, family and domestic violence center offering confidential advice as well as referral to crisis accommodation for women and children escaping domestic violence.</p> <p>NATIONAL CENTRE OF THE MENTAL HEALTH ☎ 1800 2000 National psychiatric counselling line is available for 24 hours for free of charge.</p> <p>AMBULANCE / EMERGENCY MEDICAL ASSISTANCE ☎ 103 Dial 103 in a medical emergency.</p>	
<p>Love does not hurt. Children will follow in the footsteps of their parents.</p>	

- » Escort to and from a car park;
- » New telephone numbers support;
- » Checks for calls and emails and blockage in communication;
- » Identifying public mitigation measures for domestic violence, where they exist.

To raise awareness about domestic violence, we started a joint campaign “Respecting the value of family” in 2020 in collaboration with Umnugovi Governor’s Office and National Police Agency. This resulted in the following information being shared with all our employees.

- » Fact sheet: A Guide for Leaders;
 - » Poster for Employees: Family and Domestic Violence Support Services;
 - » Voice of the Employees video;
 - » Short Video aimed to raise awareness of family and domestic violence;
 - » A virtual training video on building a positive family relationship;
 - » Online training on family and domestic violence.
- Health and Emergency Insurance contract between Oyu Tolgoi LLC and Mandal Insurance JSC is extended until April 2022 with several improvements within a planned budget without any cost increase. Key improvements are:

- 1) More clinics are added where more choices/options given for employees, including Mamba Datsan traditional medicine hospital which was well received by employees;
- 2) Increased the compensation limits for the chronic diseases’ treatment and normal delivery for the pregnancy; compensation;
- 3) New services for the vaccination of Hepatitis B and Flu, organized by Mandal Daatgal;
- 4) Employees’ family members can be covered by the insurance with discounted rates and;
- 5) The ability to submit a preapplication form and reimbursement documents.

Support from the company is not limited to the above.

Advancing the leadership programme

In 2019 Oyu Tolgoi established the Leadership Development Standing Committee that consisted of Operational, HSE and P&O senior and middle level leaders. The purpose of this committee is creating leadership development programmes that are fit-for-purpose, with a focus on Mongolian leaders. The following core leadership programmes will continue

through to 2023:

- » Safety interactions for all leaders;
- » Inspirational Leadership Programme 2.0 for all leaders;
- » Continue with Advanced Development Programme for high potential future mid-level leaders.

The Advanced Development Programme (ADP) continued from 2016 and in 2020 we made major improvements in functional skills and staged a learning approach for developing and implementing transformational projects in real-life situations. For the next intake of 2021-2022 (24 participants) we aim to add value chain topics and stretch participants further.

The Inspirational Leadership Programme 2.0 aimed to support our leaders (~650) for the next level of development. This programme is focused on specific leadership skills and behaviours within 6 modules:

- » Lead by action – being an effective team leader and team member;
- » Enable others to succeed – 1:1 leadership;
- » United by a shared vision – organizational culture and culture change;
- » Courage to challenge the status quo – rapid problem solving;
- » Fair treatment and Assessing talent for modules 5 and 6.

Growing Oyu Tolgoi Proud and recognizing performance

“OT Proud” is our signature recognition programme where we celebrate our employee’s success above and beyond performance, highlighting examples of how wider Oyu Tolgoi members embed our values and strengthen our culture. This programme is available for everyone working at Oyu Tolgoi including contractors. In 2020 we created a new “COVID-19 Prevention” category to recognize everyone who contributed to our safety.

Improving our workforce services

Timesheet Automation: introduced an electronic timesheet form using employee flight manifest and HR systems data to automate the old paper-based manual timesheet process. This project delivered significant savings in man hours, improved data accuracy and end user experience.

ManageEngine Ticket Management System:

This is a ticket management system where all standard HR services requests are centralized into one platform allowing clients to track life cycle of their request using a unique ticket number. The key benefits including;

- » Better end user experience with clear and visible process flows;
- » Automated tracking and reporting capabilities;
- » Less human errors.

Underground Production workforce recruitment

Bulk recruitment of Underground Production and Extraction and Haulage Level Construction teams commenced in Q3 2020. Between September and October 2020, we ran extensive recruitment campaigns across the Oyu Tolgoi site for thousands of our employees and contractors.

For people who need job application or general career support and advice, we also organized a combination of virtual and face to face career centers with additional hygiene controls and reached out 3,000+ potential applicants including females and Umnugovi employees & contractors.

Upskilling our workforce

At Oyu Tolgoi, we develop and implement training programs to ensure safety, develop skills and foster innovations. Since establishing the Oyu Tolgoi's training in 2012 our priority always has been to build the right capacity to operate a world class mine and to support Mongolia's educational and technical training sector to improve employability and capability of Mongolia's future generations.

In 2020 alone we trained 12,061 persons at Oyu Tolgoi resulting in 407,732 man/hours of training, reaching from safety to modern equipment operations training. Our commitment to employees and contractors always has been and is to secure safety and zero harm for everyone. Developing Mongolians to operate a world class mine is one of the foremost important priorities and prerequisite of our business and is the cornerstone of our success.

We encourage and support lifelong learning to keep the skill and knowledge of our employees up to date. In 2020, 20 concentrator plant operators graduated from the joint OT-Erdenet Institute of Technology

undergraduate program, earning a bachelor's degree in Mining. The curriculum of this program is based on existing OT operator's development program and Erdenet Institute of Technology serves as a showcase of our collaboration as well as the high standard of our training.

Operating Oyu Tolgoi's underground mine requires developing skills and qualifications that never existed in Mongolia and training programs developed for the underground mine is leading to building world class capability in Mongolia. In 2020 we have trained 14,154 people on 280 new machines and equipment. Collaborating with other Rio Tinto mines we are building Oyu Tolgoi's capacity to train future workforces. Two young Mongolians traveled to Rio Tinto Argyle mine in Australia to learn technology required to operate a block cave mine.

We strive for the best practices and foster innovation in all our processes. Utilizing existing technologies, we keep developing systems to make training accessible and simple for all users at Oyu Tolgoi. The contractor learning management system, developed at Oyu Tolgoi is second to none in Rio Tinto and is continuously upgraded with additional functionalities to help our clients to take control over their own training. This brings approximately US\$120,000 cost savings to the business by simplifying the process.

Securing sustainability

Oyu Tolgoi's capability development encompasses building a steady talent pipeline and supports the training sector in Mongolia. Working together with the Mongolian University of Science and Technology, Oyu Tolgoi is sponsoring development of new undergraduate and graduate programs in geotechnics, pioneering the industry in driving higher education support in the Mongolia. This initiative serves as a showcase of higher education reform and lays the basics for future fundamental changes in higher education in Mongolia. New programs in geotechnics will be accredited and 25 young Mongolians commenced their study in a much needed qualification in Mongolia.

In 2020 thirty university students were awarded with Oyu Tolgoi's domestic scholarship and our company is proud to assist young Mongolians to complete their degrees and contribute to the development of Mongolia.

In alignment with our values, we are investing in building capacity and improving employment of Umnugovi province citizens. An employment working group was established as part of the Oyu Tolgoi-Umnugovi province collaboration agreement, and has implemented numerous initiatives and programs resulting in an impressive rise of employment in

the province. In 2020 we assessed the 5 years of collaboration with the Umnugovi province employment working group and it was noted that since the establishment of the working group, the unemployment rate in Umnugovi province steadily decreased reaching the lowest rate compared to the national average.







Advancing with our stakeholders

Partnership is one of the five key priorities of our business. Oyu Tolgoi works closely with our host communities in Mongolia. During the challenges of COVID-19, we have strengthened our partnership through the following:

Engaging with community stakeholders to create shared value

2020 Objectives

- » Preventing impacts from the COVID-19 pandemic;
- » Implementing the Cooperation Agreement and delivering our commitments;
- » Promoting sustainable and inclusive agribusiness in Umnugovi;
- » Tripartite council; steady operation and ongoing implementation of two agreements;
- » Supporting the local economy by promoting local employment and procurement;
- » Social risks reanalyzed. Lessons learned from Juukan Gorge.

Performance

The vision of Oyu Tolgoi's work with communities is to maintain a strong social license to operate by contributing to the economic, social and environmental development of the communities where we operate, maximizing opportunities for sustainable development and minimising and mitigating social and environmental impacts. We strive to strengthen mutual trust and transparency in our relationship and collaboration with partner communities and strictly adhere to our company values and The Way We Work principles.

Preventing impacts from the COVID-19 pandemic

We maintained a strong partnership with local stakeholders focused on mitigating impacts from the COVID-19 pandemic, coordinating a series of contributions (cash and in-kind donations) to improve local emergency response capacity while enabling uninterrupted business operations. Oyu Tolgoi LLC has been actively cooperating with local stakeholders in preventing the spread of COVID-19 and implementing response measures. Through the Gobi Oyu Development Support Fund, Oyu Tolgoi donated MNT210 million to the Umnugovi Province and Khanbogd Soum Emergency Committees. In addition to the ongoing Umnugovi integrated health programmes in partnership with the UNPFA, UNICEF and WHO, we have contributed to the prevention of COVID-19 emergency measures in our local community through the DSF as well as directly by Oyu Tolgoi.

We are partnering with UNPFA to improve the diagnosis and early detection of COVID-19 and other infectious diseases, and to increase the capacity for remote diagnosis and treatment at the Regional Medical Diagnostic Center of Umnugovi Province. Additionally, food donations worth of MNT250 million were provided to assist the protection of the vulnerable population of Dalanzadgad soum, Khanbogd, Bayan-Ovoo and Manlai soums.

Cooperation Agreement and delivering our commitment to Umnugovi Sustainable Development

Guided by our vision to create enduring value, knowledge and skills, Oyu Tolgoi committed to the sustainable development of Umnugovi province and we are delivering our commitments through the Cooperation Agreement and Gobi Oyu Development Support Fund.

In 2020, we proudly celebrated the 5th anniversary of the Cooperation Agreement and the establishment of the Gobi Oyu Development Support Fund (DSF) with our local partners. Oyu Tolgoi contributes US\$5 million to the Gobi Oyu Development Support Fund annually as agreed in the Cooperation Agreement signed in 2015 by the Umnugovi province, Khanbogd soum and Oyu Tolgoi LLC. DSF is a dedicated legal entity that implements the Cooperation Agreement and has made available over US\$27 million in funding available between 2015-2020. The fund has supported 250 social and development projects and programmes over the years and is effectively contributing to the implementation of Sustainable Development Goals. Oyu Tolgoi investment has resulted in the creation of more than 426 new permanent jobs and provided benefits to over 480,000 community members. DSF funds are allocated through the joint decision-making process with local government and company representation, which enhances transparency and accountability of the funding decisions.

In 2015-2020, DSF provided scholarships of MNT523.8 million to 234 students from each soum of Umnugovi Province to assist in preparing qualified specialists who will eventually contribute to local development. DSF saves five percent of the annual Oyu Tolgoi investment for the "Future Generation Special Fund" to give development opportunities to the younger generation.

Over the last five years, DSF invested in 90 social infrastructure projects such as schools, kindergartens, hospitals, sports halls, museums, boiler houses, a water purification plant, landfill, flood dam and herder wells. In 2020, we completed construction of several important community facilities including the fodder plant storage, waste management landfill facility in Khanbogd soum, and swimming pool at the Dalanzadgad Culture and Sports Complex. They are now all operational. New construction projects commenced including a kindergarten to accommodate 200 children in the Dalanzadgad soum ger district, and implementing a Gashuunsukhait border security tower with a surveillance system.

Promoting sustainable and inclusive agribusiness in Umnugovi

In 2020, Oyu Tolgoi continued to support sustainable and inclusive agriculture businesses that contribute to local economic diversification, and community food safety and security. The Inter-soum Animal Health Care Center is one of the biggest veterinary healthcare centers in the region and is equipped with new laboratory equipment capable of doing full tests on meat, meat products, dairy products, eggs, wool, cashmere, and leather, and will greatly contribute to preventing the spread of livestock diseases and to improving animal health. A full-scale operationalization of Inter-soum Animal Health Care Center of Khanbogd soum commenced under supervision and management of the General Authority of Vet Service Management of Mongolia.

In 2020, sustainable livelihood pilot projects developed the capacity of stable input producers, value-added production, as well as marketing and logistics in Khanbogd. Oyu Tolgoi committed to support value-added agribusiness models of herder households of Khanbogd and funded new sustainable livelihood support projects suitable for local business environments and nomadic livelihoods. Herder cooperatives were established and trained in managing projects in a responsible way. In 2020, 81 producers have been trained in value adding initiatives. As a result, promising new business projects are growing in Khanbogd. A highly profitable cattle and sheep breeding business initiated by the herder households successfully achieved a total of 174 offspring and 45 angus cross breeding calves. Another strategic new community business partnership project started jointly with TESO LLC to create a new local brand product from camel milk. The pilot project involves 10 herder households of Khanbogd soum supplying 2,300L of camel milk on a weekly basis in winter time and 19,000L to Ulaanbaatar in summer time.

Supporting the local economy by promoting local employment and procurement

In 2020, Oyu Tolgoi continued its focus on sharing the economic benefit and profit with the community through local employment, procurement and contribution to local business development. As the end of 2020, 22% of our national supply as well as the 27% of total Oyu Tolgoi site workforce was from Umnugovi.

Oyu Tolgoi is contributing to small and medium business (SME) development through the 'Innovative Partnership Support Program for SME Development' jointly with Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ), the Gobi Oyu Development Support Fund (DSF), and the Umnugovi Authority through the Business Innovation and Growth Centre (BIG Centre), which was established in Ulaanbaatar and Umnugovi province in 2019.

Umnugovi entrepreneurs are receiving various capacity building and business management trainings for SMEs in various fundamental business practices such as HSE, business integrity, business management, and supply chain management, among others, to improve their competitiveness and sustainability while meeting world class mining and other industry needs. This also assists financial literacy and capacity building programs. In 2018-2020, 266 capacity building trainings and events reached out to 450 SMEs and their 3,521 employees (female 58% and male 42%). MNT446 million in direct investment was provided to local SMEs to support their start up projects, research and development, innovation and business expansion and resulted in attracting over MNT2 billion financial investment from other sources. The DSF-funded "Gobi Oyu – Business Opportunity" micro-loan programmes managed by Khan Bank has been running since 2016 and provided business loans of MNT1.4 billion to 51 local entrepreneurs in Umnugovi to create and support new jobs and local business and services.

TPC - steady operation and ongoing implementation of complaint resolution agreements

Constructive community engagement continued with local stakeholders through the Khanbogd Tripartite Council (TPC) in 2020 and focused on commitment delivery and increased transparency and accountability of TPC operations through social media and online communication channels. Implementation of commitments and sustainable livelihood projects agreed in the Herder Complaint Resolution progressed 69% overall through Oyu Tolgoi dedicated funding of US\$1.8 million between 2017-2020. One of the main purposes of the agreement, to resolve herder households' claims for mine impact compensation, is progressing well and near completion. A total of US\$1.4 million in individual compensation was provided to 157 herder households of Khanbogd soum, out of 160 claims approved by TPC members.

An important milestone in creating an enabling environment, and building mutual understanding and trust among TPC parties, has been improving transparency and ensuring effective procedures are in place to resolve conflict of interest situations. In 2020, the Conflict of Interest Management Procedure for TPC operations has been approved and information disclosure processes established to smooth distribution of online information via social media platforms of TPC.

Improving social risk management

Extensive self-risk review sessions on environment, social and governance were conducted following the Rio Tinto Board review on the Juukan Gorge incident, resulting in updates to the community risk profile. Rio Tinto CSP compliance certification was provided to support more rigorous assurance and governance processes to manage community and social performance risks going forward.

Road safety project

More than 500 people lose their lives and several hundred people are injured due to car accidents in Mongolia each year. To raise traffic safety awareness and reduce fatalities, Oyu Tolgoi commenced a long-term partnership with the National Police Agency and Mobicom Corporation on nationwide campaigns and establishing a speedometer at Selenge to Darkhan road.

- » No need to rush campaign: we focused on “passengers” on countryside roads and purposely chose summer time for implementing the campaign as fatality numbers increase between June and September. The number of passengers and vehicles travelling to the countryside doubled after lockdown restrictions were loosened. The increased rate of movement increased traffic safety risks. The campaign generated strong results, reducing the total number of accidents by 40 percent and injury by 30.5 percent. Traffic police personnel worked in all 21 provinces in Mongolia as frontline leaders to ensure safety on countryside roads, and social influencers, actors, and actresses actively supported the campaign.
- » Speed cameras installed in Choir & Darkan to Selenge road: Statistics show that the fatality rate decreased by 5 percent and total number of traffic accidents by 18.6 percent respectively around Choir road where we installed the first speed monitoring camera in 2019. There was no accident registered at Darkhan to Selenge road where we installed our second camera in September 2020. The monitoring cameras check the information of the passing vehicle and driver, and automatically inform traffic police about speeding and “on the lookout” vehicles.

Oyu Tolgoi will continue to collaborate with the National Police Agency on road safety projects and contribute to creating a road safety culture in society.



Donations for preventing and responding to COVID-19 pandemic

To ensure the preparedness of healthcare services and availability of medical equipment during the coronavirus pandemic, Oyu Tolgoi and its employees provided the following donations:

1. Rio Tinto and Oyu Tolgoi investment for COVID-19 readiness and recovery: MNT1.7 billion;
2. Donation to the Government of Mongolia, provided through the Mongolian National Mining Association: MNT100 million;
3. Donation to Umnugovi Emergency Commission: MNT200 million;
4. Donation to Khanbogd Emergency Commission, provided through the Gobi Oyu Development Support Fund: MNT10 million;
5. Donation from mining workers and employees of Oyu Tolgoi LLC to the Ministry of Health: MNT145 million.



Driving strategic growth

Underground

Oyu Tolgoi has maintained a strong foundation of managing and maintaining performance during the extraordinary challenges of COVID-19. Underground activities were progressed through the challenges of extended rosters, domestic and international border closures, off-site working arrangements, quarantining, and site lockdowns. Throughout, we have been able to continue operating safely and productively. We would not have been able to break the productivity records and deliver outstanding results without the support and understanding of families and loved ones of our Oyu Tolgoi family.

People

In 2020, we achieved a world class performance in safety. More than 64 million hours of work has been undertaken in construction-related activities since 2016. The Underground Project exceeded 12.7 million man/hours in 2020, improving its year-on-year All Injury Frequency Rate of 0.16 by 32 percent in 2020, and overall rate of 0.24 project-to-date against a target of 0.29.

The Underground Project workforce is 92 percent Mongolian nationals. The total project workforce decreased from 7,100 to 2,960 people, reflecting project progress, completion of work packages, employees' transition into operation teams, productivity optimization, as well as work delays impacted by COVID-19 conditions.

The Oyu Tolgoi business resilience team is ensuring consistent and regular communication to the workforce and has implemented additional fatigue management measures to assist employees unexpectedly away from their families. The expatriate workforce faced uncertainty in 2020 about rotation timings due to international travel restrictions. Similarly, the Mongolian National workforce has been impacted by the inability to return home and/or to work on their ordinary rosters.

Construction

We completed the Definitive Estimate (DE), which lays out our plans on both schedule and cost to the end of the project. We have continued to advance the critical Material Handling System underground and achieved 60 percent completion.

We adapted to the use of remote technologies to advance works across the entire project with the most significant step forward in Shaft 4 about to commence sinking early in the new year. We achieved increased development rates three months ahead of plan and then maintained those rates through the whole year, setting a record advance in March. Total cumulative underground capital development is 47,675 equivalent meters.

We continue to see internal promotions of capable leaders across the project in recognition of the efforts and talent they have shown through 2020.

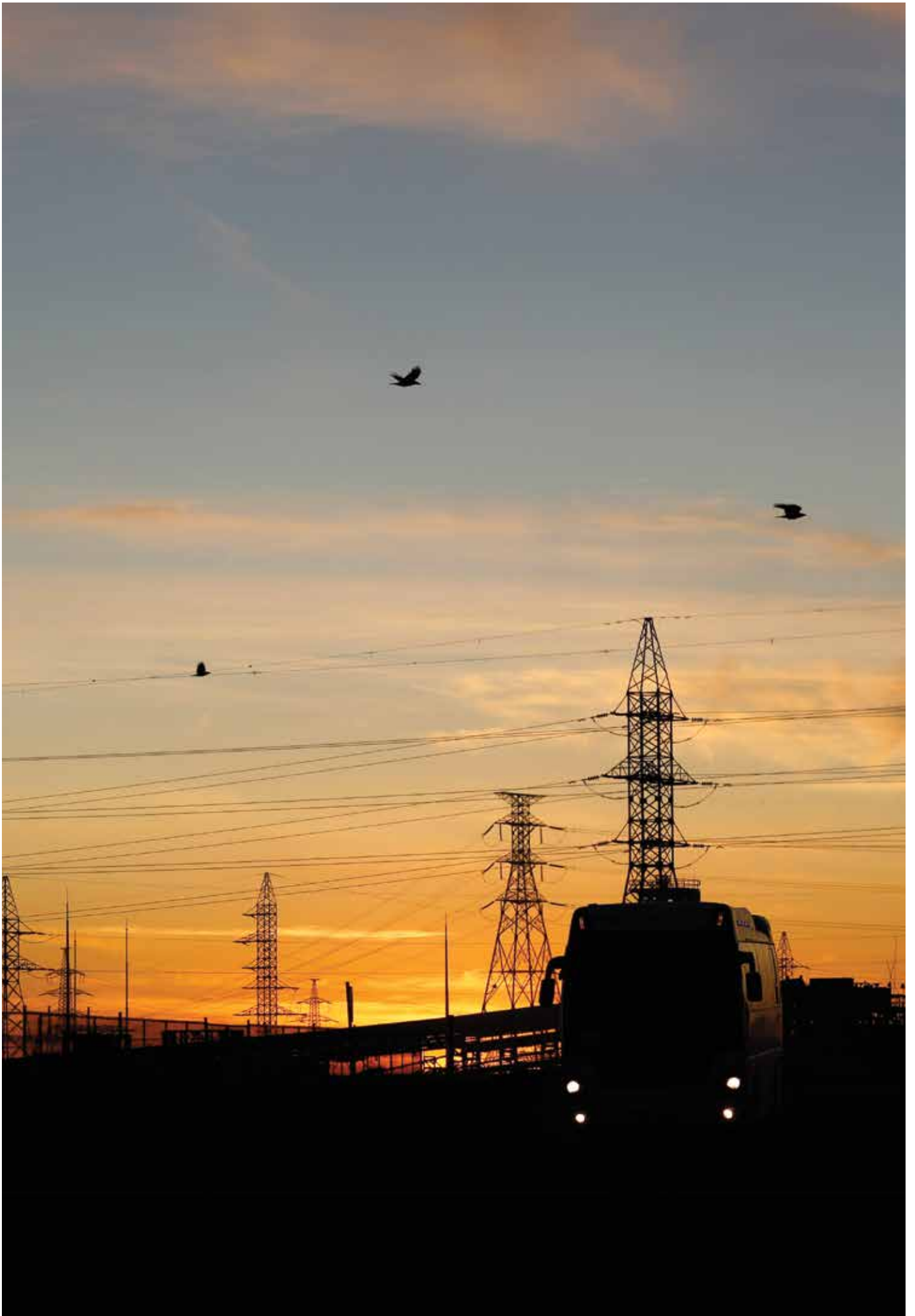
Conveyor to Surface

Conveyor to Surface (C2S) team is now on the final leg before breakthrough. Total C2S cumulative project to date advanced 12,069 equivalent meters, including 4,001 equivalent meters in 2020.

Transition

The Underground project achieved a significant milestone in late October as the Underground Mining team, and functional teams, were transitioned into Operations. This transition would not have been possible without the tremendous efforts of those current and past leaders and team members that have helped to establish, build and then develop core underground mining capability. The transition is also an important validation in the confidence we have as a leadership group that Oyu Tolgoi is ready to become an underground producer.

The Underground Mining team comprises more than 800 people, with over 90 roles under recruitment for the Extraction Level Haulage Level (ELHL) construction and Production teams. This team is now ramping up to prepare for the start of undercutting. This transition allows Oyu Tolgoi to establish systems and processes to ensure planning and operational activities across the open pit, underground mine and concentrator are fully integrated to maximize the performance of our business.



Power

Importance of power to Oyu Tolgoi

Oyu Tolgoi is an energy intensive project. It needs approximately 250MW of power when the underground mine is in full operation and that amount of power represents 20% of the Mongolian national electric grid's total capacity.

Power use at Oyu Tolgoi

- » People operate 1,300m underneath the surface and their working conditions (air, water, light, food etc.) are fully dependent on electricity;
- » Cave mining techniques require secure, stable and reliable power to prevent damage to underground infrastructure and risk of resource sterilization;
- » Without power, high value ore cannot be brought to surface and cannot be processed, resulting in significant production and revenue losses;
- » Power is the largest operating cost behind labor costs.

Oyu Tolgoi is committed to securing a long-term domestic source of power in line with the Oyu Tolgoi Investment Agreement signed in 2009. Since then Oyu Tolgoi has worked closely with the Government of Mongolia (GoM) to develop a power solution that benefits both Oyu Tolgoi and Mongolia. In December 2018, Oyu Tolgoi and GoM signed the Power Source Framework Agreement (PSFA) which established a binding framework and pathway to develop a Tavan Tolgoi coalfield-based power solution (TTPP) and Oyu Tolgoi worked to develop this coal-fired power plant against a global backdrop of climate change, funding drought for coal fired power plants and local concerns about increasing costs for Oyu Tolgoi and the impact on future dividends to shareholders.

Developments in 2020

- » Based on the completion of the TTPP EPC process and key technical studies in 2019, Oyu Tolgoi submitted the Feasibility study in early 2020. However, in April 2020, GoM announced that it no longer supports Oyu Tolgoi led TTPP and decided to build a state-owned and state-funded power plant at Tavantolgoi coal-field (Tavantolgoi thermal power station or TTPS) instead;
- » To provide the necessary legal framework for this new option, the parties signed the PSFA – Amendment Agreement (PSFA-AA) in June 2020, with key milestones of extending the power import agreements by 1 March 2021, commencement of construction of TTPS by July 2021 and commencement of reliable supply within July 2025;
- » The Southern Region Electricity Distribution Network (SREDN) and Oyu Tolgoi LLC signed a Power Purchase Agreement (PPA) on 3 September 2020 and supply of some power has started via a 35kV switching station. This PPA with Oyu Tolgoi LLC will make a positive impact on the national economy.



- » At the end of October 2020, a Working group under the Ministry of Energy was established to negotiate the agreement for domestic power supply and, in November 2020, indicated the power supply to Oyu Tolgoi will be from the Mongolian national electricity grid instead of direct supply from the TTPS. This is another significant change in direction by the GoM and it also increases the risk profile for Oyu Tolgoi, especially considering a grid study conducted by the National Dispatch Center concluded that, in addition to TTPS, the Mongolian national grid will require construction of substantial new generation and transmission infrastructures before it is able to supply reliable power to Oyu Tolgoi;
- » Oyu Tolgoi continues to collaborate with the Ministry of Energy to identify and agree a pathway for Oyu Tolgoi to consider supply from the Mongolian grid. This new direction inevitably creates the need for a new legal framework to move forward.

Outlook for 2021

Oyu Tolgoi's priority is to ensure there is secure, stable and reliable power in order to protect its people, infrastructure, resource and revenue. The PSFA-AA remains to be the prevailing agreement governing Oyu Tolgoi's short and long-term power supply until such time a new legal framework for Mongolian grid supply is agreed. Having a robust legal framework is not only critical for Oyu Tolgoi and its shareholders, but also for Oyu Tolgoi's current lenders and potential future lenders and investors since additional financing is required to complete the Oyu Tolgoi project.

Developing new markets

Through 2020, Oyu Tolgoi continued to focus on its contracting strategy. A better balance between spot and long-term contracts gave the Oyu Tolgoi marketing team the flexibility to improve price and value and achieve a balanced and diversified portfolio. The Oyu Tolgoi marketing team continues to develop a customer portfolio that will provide full value for the pending ramp-up in underground volumes.

Oyu Tolgoi completed the third year of the five-year long-term agreement with the Feishang smelter in line with the 2012 framework agreement. At the same time, work continued with the Bayannur regional government (Inner Mongolia) and Feishang to maintain reliable access to China during COVID-19 disruptions.

The supply reliability Oyu Tolgoi provided through 2020 has been recognized and appreciated by many customers.



COVID-19 response

The company is continuing to closely monitor the COVID-19 situation and is taking preventive measures across its operations to ensure the safety and wellbeing of our people and communities, and to continue to deliver on our business priorities. Our preventive protocols are in full compliance with the guidance and decrees issued by the Government of Mongolia, the State Emergency Commission, and the local authorities in Umnugovi province and Khanbogd soum.

Health, hygiene and wellness initiatives in 2020 focused on preparing and responding to COVID-19. This took precedence over all scheduled health initiatives. Controls implemented to protect Oyu Tolgoi included:

- » Extensive infection control processes embedded in the Oyu Tolgoi medical centre;
- » Training and regular refreshers for all medical staff on infection control;
- » Engaging an external infection control/medical specialist for a period of 6 months;
- » Establishing a Business Resilience Team comprised of Senior Leaders and driven by the CEO specifically focused on COVID-19;
- » Establishing an Operational task force specifically for COVID-19;
- » Four-phase rapid and PCR testing processes for every person coming to Oyu Tolgoi (48 hours pre-departure to OT, day of departure, 4-6 days post arrival and 48 hours pre-departure to home). This is a world-class system and ensures we have confidence that Oyu Tolgoi operations will effectively manage COVID-19;
- » Establishing testing facilities in Ulaanbaatar, Oyu Tolgoi, Khanbogd soum, Dalanzadgad, Manlai soum and Bayan-Ovoo soum to support all of our employees and contractors in returning to work;
- » Deployed body temperature screening posts at North Gate, Airport, Mazaalai mess hall and Shaft areas
- » Introduction of infection control measures for all of site (compulsory facial barriers, increase in hand washing and sanitising facilities, checkerboard seating on site transport, manual and automatic temperature screening in high traffic areas);
- » Regular site communications to update the workforce and to remind everyone of our new minimum standards.

The pandemic also shelved plans for the Khanbogd hospital, where we have a project in place to upskill existing staff to conduct pre-employment and periodic medicals in line with Oyu Tolgoi standards. This will again be a focus for later in 2021 once the 'new normal' is embedded at Oyu Tolgoi.



The COVID-19 preparation and response has enabled the Underground Project and Operations to continue largely unaffected. It is expected that this will continue for much of 2021.

Wellness activities for 2020 included:

- » Health Impact Assessment: large study (1,693 people) on the general health of a representative group at Oyu Tolgoi;
- » 8-week wellness challenge;
- » Smoking cessation campaign;
- » Wellness toolbox at pre-start meeting (varying topics including flu, vaccination, mental health, fatigue, healthy eating, non-communicable diseases, alcohol abuse, AGE, among others);
- » Pregnancy guidelines;
- » Organized breast cancer prevention day presentation with WMRM, iSOS;
- » Organized RUOK? day with Mazaalai kitchen;
- » Organized fun run on-site;
- » Collected and managed data of fatigue study phase 3.

US\$602,000 invested in COVID-19 readiness and recovery in Mongolia

In order to support the efforts to fight COVID-19 and its social and economic impacts, Rio Tinto and Oyu Tolgoi invested a further US\$602,000 or ~MNT1.7 billion in a project across Mongolia with a focus on increasing the resilience and response capability of the country. Rio Tinto and Oyu Tolgoi are partnering with United Nations Population Fund and its local and national stakeholders to support essential preventative measures during this challenging time.

An overall aim of the partnership is to continue building capacity of health facilities serving the underprivileged and high-risk populations to accurately diagnose COVID-19 and other infections, and to provide telemedicine services for high-risk patients and pregnant women requiring regular medical checkups by specialists amid the COVID-19 pandemic.

Increased diagnostic capacity

Diagnostic services for COVID-19 in Umnugovi Regional Diagnosis and Treatment Centre, Dornogovi General Hospital, the COVID-19/Ulaanbaatar City Maternal and Children's Hospital, and National Centre for Mother and Child Health will be established including:

- » Laboratory equipment procured:
 - Three thermocyclers for Umnugovi RDTC, Dornogovi General Hospital, and the COVID-19/UB City Maternal and Children's Hospital (NCMCH has a thermocycler);
 - Four negative pressure biosafety cabinets or PCR hoods;
 - Four micro centrifuges for DNA work;
 - Four minus-70 degrees' Celsius freezers;
 - DNA/RNA extraction kits;
 - COVID-19 primers and seed PCR reagents;

Laboratories at the above facilities will be upgraded to meet the international standards of infectious disease diagnosis, and provide necessary equipment. Laboratory staff will be provided equipment in collaboration with the WHO, funded through the European Union.

Telemedicine

Telemedicine continues to be supported, including the health and wellbeing of people requiring regular checkups by medical specialists:

- » Develop a guideline for providing outreach health care by grassroots health workers to facilitate contacts and online counselling by medical specialists in maternal, newborn, child and adolescent health, as well as in internal medicine, endocrinology and mental health.
- » Provide grassroots health care provider kits for community health workers at baghs of Umnugovi and Dornogovi, and ger areas of Songinokhairkhan district of Ulaanbaatar. The kit is described as per Health Minister's Order A/291 of the year 2020 and includes:
 - Portable tablets with internet access;
 - Pulse oximeter;
 - Weight scale;
 - Sphygmomanometer or blood pressure gauge;
 - Fetal stethoscope;
 - Thermometer;
 - Blood sugar and cholesterol rapid tests.
- » Training for health care providers on the provision of remote ANC services and utilization of Zoom or Mn Obstetrics software or equivalent approved by the MOH.

Earlier initiatives

Oyu Tolgoi and its employees donated MNT455 million to support the COVID-19 outbreak prevention efforts, including MNT100 million to the Government of Mongolia through the Mongolian National Mining Association, MNT200 million to the Umnugovi Emergency Committee, and MNT10 million to the Khanbogd Emergency Committee through the Gobi Oyu Development Support Fund.

Oyu Tolgoi miners also launched a donation campaign and raised over MNT145 million, which was donated to the Ministry of Health. Employees from thirty-eight contractor companies also contributed.

Board of Directors

CHAIRMAN

Mr. Batsukh Galsan

Elected June 2010

DIRECTORS

Mr. Armando Torres

Director and Chief Executive Officer
Elected May 2017

Mr. Bagabandi Natsag

Director
Re-elected September 2016

Bold Baatar

Director
Elected February 2021**

Mr. Elias Scafidas

Director
Elected September 2018

Steve Thibeault

Director
Elected March 2021***

Mr. Luke Colton

Director
Elected April 2018

Ms. Bayasgalan Enkhbaatar

Director
Elected November 2020*

Mr. Gan-Ochir Zunduisuren

Director
Elected November 2020*

Management Team

Mr. Armando Torres

Chief Executive Officer
Appointed May 2017

Mr. Tim Eckersley

Operations Director
Appointed January 2018

Mr. Jacques van Tonder

Chief Development Officer
Appointed December 2020

Mr. Paul Mullins

Chief Financial Officer
Appointed May 2017

Mr. Amarbayasgalan Dashnyam

Chief Counsel
Appointed October 2014

Ms. Baigalmaa Shurka

General Manager, Strategic Community Projects
Appointed June 2019

Mr. Chris Aitchison

Project Director, Underground
Appointed January 2020

Mr. Philip Abraham

General Manager Health, Safety, Environment and Security
Appointed August 2020

Ms. Melissa Shanjengange

General Manager, People and Organisation
Appointed September 2020

Mr. Gareth Johnstone

General Manager External Affairs & Communications
Appointed February 2021****

Ms. Tserenkhoo Tserevsuren

Head of Corporate Affairs and Company Secretary
Appointed August 2010

* On 9 Nov 2020, Shareholders approved the resignation of Board Director Mr Tumentsogt Tsevegmid and Mr Sukhbaatar Tseren, and appointed Mr Gan-Ochir Zunduisuren and Ms Bayasgalan Enkhbaatar to the Board of Directors.

** On 5 February 2021, Shareholders approved the resignation of Board Director Mr Arnaud Soirat, and appointed Mr Bold Baatar to the Board of Directors.

*** On 5 March 2021, Shareholders approved the resignation of Board Director Mr Ulf Quellmann, and appointed Mr Steve Thibeault to the Board of Directors.

**** Lkhagva Erdene was appointed to serve as Acting General Manager External Affairs & Communications from September 2020 to February 2021.

List of Board, Committee and Shareholder meetings

Meeting of Shareholders

Shareholders' Meeting No. 17 – 29 April 2020 (AGM)

Regular meeting of the Board of Directors

Meeting No. 40 – 5 March 2020

Meeting No. 41 – 10 and 18 June 2020

Meeting No. 42 – 9 September 2020

Meeting No. 43 – 25 and 30 November 2020

Special meeting of the Board of Directors

Meeting No. 30 – 11 February 2020

Meeting No. 31 – 18 March 2020

Meeting No. 32 – 14 April 2020

Meeting No. 33 – 1 May 2020

Meeting No. 34 – 8 May 2020

Meeting No. 35 – 15 May 2020

Meeting No. 36 – 21 and 29 May, 4 June 2020

Meeting No. 37 – 26 June 2020

Meeting No. 38 – 8 July 2020

Meeting No. 39 – 13 November 2020

Meeting No. 40 – 17 December 2020

Audit and Finance Committee (AFC) meeting

AFC Meeting No. 39 – 4 March 2020

AFC Meeting No. 40 – 9 June 2020

AFC Meeting No. 41 – 8 September 2020

AFC Meeting No. 42 – 24 November 2020

Operation Committee (OpCo) meeting

OpCo Meeting No. 36 – 4 March 2020

OpCo Meeting No. 37 – 9 June 2020

OpCo Meeting No. 38 – 8 September 2020

OpCo Meeting No. 39 – 24 November 2020

Human Resources and Training Committee (HRTC) meeting

HRTC Meeting No. 38 – 4 March 2020

HRTC Meeting No. 39 – 9 June 2020

HRTC Meeting No. 40 – 8 September 2020

HRTC Meeting No. 41 – 24 November 2020

Partnership Committee (PC) meeting

PC Meeting No. 11 – 4 March 2020

PC Meeting No. 12 – 9 June 2020

PC Meeting No. 13 – 8 September 2020

PC Meeting No. 14 – 24 November 2020

