GERMAN - MONGOLIAN INSTITUTE FOR RESOURCES AND TECHNOLOGY

Bachelor Thesis

Social License to Operate in mining: Implementation challenges in Mongolia

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Statutory Declaration

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I hereby affirm in lieu of an oath that I provided the submitted bachelor thesis

"SOCIAL LICENSE TO OPERATE IN MINING: IMPLEMENTATION CHALLENGES IN MONGOLIA"

I did not use any sources other than those stated. In case that the work is additionally submitted on a data medium, I declare that the written and the electronic form are completely identical. The work was not submitted in the same or similar form to any examination authority.

Ulaanbaatar/Nalaikh, 01/05/2023	Yesugen
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Abstract

The Social License to Operate referred to as an SLO is an acceptance and approval from stakeholders (employees, customers, investors, etc.), community and the general public. SLO is characterized as a trust building process between the company or project and community over time. This is a crucial process. Gaining and maintaining SLO is complex and complicated as it is dependent on people relationships. Therefore, the most challenging part of SLO is to maintain it for a long time. keeping the trust by avoiding high-profile disasters.

As the mining industry in Mongolia expanded quickly over the past years, civil society and community organizations put more and more pressure on mining companies and the government to consider local stakeholders' and communities' interests when developing the mining and mining improve enviromental and social performance. As a result, in 2006 the community agreement template (CA) was approved by Government to addresses community relationships matters between mining companies and communities. From one side local agreement may be seen as keeping the local support for the project. On the other side, it is to contribute to the the sustainable development and impact of mining in local communities. This was one of Government initiatives to improve environmental and social performance and management system for mining and explorations companies. However, this isn't enough for addressing core issues of grievances, conflicts and disputes between mining companies and communities. This is a time for undertake comprehensive actions to assist mining companies to understand SLO and improve their relationships with communities.

This thesis work is mainly focused on the ways to gain Social License to Operate through the case studies of the "Oyu Tolgoi" company. How Oyu Tolgoi company was able to practice SLO and what were the lessons learned. This work analyzed the advantages and disadvantages of the response of Oyu Tolgoi to these challenges. Three case of OT has been chosen for further analysis on SLO gaining and maintenance.

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Abbreviations

SLO Social License to Operate
NGO Non Governmental Organization
OT Oyu Tolgoi
CSR Corporate Social Responsibility
IFC International Finance Corporation
PEM Participatory Environment Monitoring
CSP Communities and Social Performance
DSF Development Support Fund
CAO Compliance Advisor Ombudsman
TPC Tripartite Council
HSE Health and Safety Environment

Introduction

1.1 Definition of Social License to Operate

The social license to operate (SLO) is a concept that refers to the ongoing acceptance and approval of a company's activities and operations by the local communities and stakeholders in which it operates. It recognizes that companies must not only comply with legal and regulatory requirements but also must engage in meaningful dialogue and consultation with the people and organizations affected by their activities, in order to earn and maintain their social legitimacy. (1)

In essence, the SLO represents a a process of relationship building process and social contract between a company and the local communities and stakeholders. It acknowledges that a company's activities can have significant social and environmental impacts and that it must take into account the interests and concerns of local communities and other stakeholders in its decision-making processes and delivering benefits to community through local employment and procurement and contribution to broad community development. (2)

Earning and maintaining a social license to operate requires a company to engage in transparent and open communication with stakeholders, to be responsive to their concerns and feedback, and to take proactive measures to mitigate any negative social or environmental impacts of its activities and operations and cotnribute to locaol sustainable development. The SLO is increasingly recognized as a broad component beyond corporate social responsibility and is seen as a necessary condition for long-term business success and sustainability. (3)

1.2 History of SLO

The concept of social license to operate (SLO) emerged in response to growing concerns about the social and environmental impacts of industrial activities, particularly in the resource extraction industries. Historically, these industries have tended to prioritize economic benefits over social and environmental considerations, which has led to conflicts with local communities and other stakeholders.

In order to address these conflicts and build more sustainable and responsible practices, the concept of social license to operate was developed.

The phrase "Social License to Operate" was first used in 1997 by Canadian mining engineer James Cooney in an article in Business & Society Review to describe "the level of tolerance, acceptance, or approval of an organization's activities by the stakeholders with the greatest concern about the activity." It was later developed in the mining industry as "a metaphor with the legal licenses needed by mining companies to begin their projects".

From the top, the concept of a social license to operate emerged in the 1990s as a response to growing concerns about the social and environmental impacts of industrial activities. This work defined the idea behind the SLO is that companies must earn and maintain the approval and acceptance of the local communities in which they operate, in addition to complying with legal and regulatory requirements. (4)

The SLO is based on recognizing that a company's social and environmental impacts can have significant implications for its long-term viability, reputation, and financial performance. In order to gain and maintain a social license to operate, companies must adopt a good pracrtice of community engagement and ensure meaningful dialogue and consultation with stakeholders, including local communities, Indigenous peoples, NGOs, and other interested parties.

The SLO has become increasingly important in recent years, as companies have faced growing scrutiny and pressure from stakeholders concerned about issues such as climate change, human rights, and environmental degradation. Many companies now include SLO considerations in their sustainability strategies and annual reports, and some

have even established dedicated SLO teams or positions. Despite its importance, however, the SLO remains a somewhat vague and subjective concept, and its precise meaning and application can vary depending on the context and stakeholder perspectives.

Even though it first arose in the 90s, the concept was applied broadly after the initiative measure applied in 2004 by the United Nations to entail the participation of indigenous peoples in projects taking place in their territory, starting with their approval. The United Nations stated that a legal license is not enough for activities to begin, besides that a social license must be applied.

Since then, social license to operate has been used most frequently in activities that pose a significant risk to public safety or the environment. The standards demanded by this concept are becoming more stringent today despite the lack of a set of requirements since these depend on the beliefs and perceptions of each community.

The measure has benefits for both parties: the impacted communities may analyze how they will gain from or be hurt by work and can participate in its development; the engaged businesses can make sure that the development of their plans takes place without disputes or social disturbance. (5)

1.3 Problem statement

During the activity of mining industries, conflict between mining and exploration companies and communities has been escalating significantly and relationship is deteriorating and trust have been lost. In order to avoid these problems during SLO process companies should implement some unique strategies.

Conflict between mining and exploration companies and communities has been escalating significantly. Relationship is deteriorating and trust have been lost for due poor performance in environmental and social impact mitigations, environmental protections and rehabiltations and community development contribution of mining and explorations companies. Therefore, it has been hard to have smooth commencement and operations of mining and exploration companies.

Key problems:

- Relationships between companies and community. Lack of comprehensive and complex stakeholder engagement strategic plan, trained Community relations practitioners and management system to address impact mitigation and community development projects that are a foundation for SLO

- Legal requirements for environmental and social aspects in mining industry in Mongolia. This is a leading economic sector of Mongolia. However, mining industry is facing significat challenges due to lack of legal requirements and enforcement to ensure a good performance in environmental and social areas of mining and exploration companies. It doesn’t require clearly environmental and social dimensions to measure performances of mining and exploration companies.

As SLO is a complex concept, in this thesis, I will focus on a social components that is one inseparable part of SLO process.

1.3.1 Importance of SLO

There are several reasons why a social license to operate is crucial for mining companies:

Legal and regulatory compliance: Mining companies need to comply with various laws and regulations to operate their business. However, having a social license to operate goes beyond just compliance with legal requirements. It is an indication that the company is meeting the expectations of the local community and stakeholders.

Risk management: Mining companies face various risks, including operational, financial, and reputational risks. A lack of social license to operate can increase these risks and make it difficult for companies to operate effectively. If a company doesn't have the approval of the local community, it may face protests, legal challenges, and even regulatory sanctions.

Reputation: Social license to operate is closely linked to a company's reputation. A company with a good reputation and is seen as responsible and ethical is more likely to attract investors and customers. In contrast, a company with a poor reputation may struggle to attract investment and may face challenges in hiring and retaining talented employees.

Sustainability: Mining companies operate in the context of a broader social and environmental ecosystem. Companies need to consider the long-term sustainability of their operations and the impact they have on the local community and environment. A social license to operate can help companies engage with local stakeholders and work collaboratively to achieve sustainable outcomes. (6)

1.3.2 Challenges of gaining SLO

Even though SLO is important for mining industries, it is challanging to get it and maintaining.

Communication challenges: Communication is a key factor in building and maintaining a social license to operate. However, communication can be challenging in mining operations where there may be perspective differences between the company and the local community. There may also be a lack of trust between the two parties due to past experiences or conflicts.

Changing expectations: Local community expectations can change over time, and mining companies need to be responsive to these changes. For example, communities may become more environmentally aware and expect companies to take more significant steps to reduce their impact on the environment. Companies that fail to adapt to changing expectations may lose their social license to operate.

Political instability: Mining operations can be affected by political instability, particularly in developing countries. Changes in government, corruption, and civil unrest can all affect a company's ability to operate effectively and maintain a social license to operate.

Global supply chains: Many mining companies operate as part of a global supply chain. This can make it difficult for companies to control all aspects of their operations and ensure that they are meeting local community expectations. There may also be pressure from customers and investors to reduce costs, which can lead to conflicts with local communities. (7)

In summary, a social license to operate is important for mining industries because it helps companies manage risk, comply with legal and regulatory requirements, build a good reputation, and promote sustainability. By engaging with local communities and stakeholders, companies can work collaboratively to achieve positive outcomes for all parties involved. On the other hand, industries might face a few challenges as communication, changing expectations, political instability, and global supply chains since it is a very broad factor. This thesis covers the ways to overcome these challenges.

1.4 Research objectives

The research objectives for this work mainly focused on the steps mentioned below.

The main goals of this work was focused on understanding Social License to Operate. Firstly, it defined what challenges appear during the process of gaining Social License to Operate in Mongolia and how it can be solved. Then analyzed the lessons learned and defined what should other mining industries focus on before/during/after gaining SLO.

Research the experience of successful mining project in Mongolia “Oyu Tolgoi”: During the first phase, this work researched and condensed the experiences on how to gain a social license to operate successfully. The focused experience of this work was the “Oyu Tolgoi” company.

Compare them to other possible real-life situations: During this step, this work was mainly focused on the real-life cases that happened during the production process of the “Oyu Tolgoi”.

Analyze the lessons learned: After the research of the experiences, based on the collected information, this work examined the challenges and opportunities of SLO and how the “Oyu Tolgoi” overcome these challenges using the opportunities and advantages it had.

Define the important approaches for other mining industries in Mongolia to use: During this step, this work was mainly focused on the analyzation of the experiences by indicating whether the methods that OT used before were suitable for gaining SLO and what should industries focus on from the experience.

1.5 Research method and question

The research method for social license to operate in mining can include understanding the factors that contribute to success, examining the relationship between social license to operate and outcomes, assessing the effectiveness of different strategies, and examining the role of government and regulation.

Firstly, this work started by understanding the factors that contribute to the successful establishment and maintenance of a social license to operate in mining operations. This involved examining case studies of mining companies that have successfully gained community support, as well as identifying the challenges and barriers that need to be overcome.

It also examined the relationship between social license to operate and various outcomes, such as financial performance, reputation, and stakeholder engagement. This involved conducting quantitative analysis using data from mining companies to determine whether there is a correlation between social license to operate and these outcomes.

After the examination, based on the results, this work assessed the effectiveness of different strategies for building and maintaining a social license to operate. This involved comparing the outcomes of different approaches, such as community engagement programs, environmental impact assessments, and stakeholder consultations.

Alongside the method, this work will answer what strategies can mining companies implement to effectively obtain and maintain social license to operate in Mongolia, considering the parties's unique cultural, social, and economic context. This question refined by specifying the particular aspects of the social license that are of interest, such as community engagement, environmental sustainability, labor practices, or stakeholder perceptions.

State of the Art

2.1 Social License to Operating practice in Mongolia

In Mongolia, social license to operating practice is particularly relevant in the context of mining and resource extraction projects.

Mongolia is a country rich in mineral resources, including coal, copper, gold, and uranium. The mining industry is a major contributor to the country's economy, but it has also been a source of controversy and conflict, particularly with regard to the impact of its activities on local communities and the environment.

Social license to operating practices in Mongolia involves a process of engagement with local communities and other stakeholders to build trust, foster dialogue, and address concerns and grievances related to mining projects. This process typically involves a range of activities, such as community consultations, stakeholder engagement, and impact assessments. (7)

One example is Oyu Tolgoi (OT) mine, which is one of the largest copper and gold mines in the world. OT is a mega mine that operates in gobi region and under close scrutiny of international and domestic NGOs that have concerns about the mine impact on the environment, water resources, and traditional livelihoods.

To address these concerns, the mining company behind the project has engaged in a range of social licensing activities, including community consultations, stakeholder engagement, and environmental impact assessments. The company has also committed to implementing a range of environmental and social safeguards to mitigate the project's impact on local communities and the environment.

Overall, social licensing is an important concept in Mongolia's mining industry, as it provides a framework for ensuring that mining projects are developed in a way that is socially and environmentally responsible, and that takes into account the concerns and interests of local communities and other stakeholders.

2.2 Social License to Operating practice in “Oyu Tolgoi”

"Oyu Tolgoi" is one of the largest copper-gold mines in the world and is located in Khanbogd, Umnugovi aimag. Gobi desert. OT is owned by Rio Tinto and the Mongolian government. Rio Tinto, an Australian-British mining company is the biggest shareholder . Rio Tinto has been an exemplary mining company in terms of health, safety, enivornment and community and social performances (HSE &CSP) its relationships with local communities, producing detailed, stand-alone Social and Environmental Reports and disclosing financial information. Rio Tinto’s progressiveness is also identified because of the development of overarching sustainability and health, safety, environment and community and social performance policies. (8) and management sytems. OT too has declared to be strongly committed to the involvement of stakeholders and the protection of the natural environment and has many projects to benefit the local community. Social licensing in “Oyu Tolgoi” refers to the acceptance or approval of a company's activities by the local community, stakeholders, and government.

(Figure 1: *Location of the “Oyu Tolgoi” mine*. From: https://www.cao-ombudsman.org/sites/default/files/downloads/OT-2_Assessment_Report_MON.pdf)

Oyu Tolgoi implements best practices to gaining and obtaining social license to operate. Although they are leading in terms of HSE &CSP performances and implmenting best practices, they have been going through interesting, yet challenging journey to maintain their SLO in Mongolia.

OT has a robust HSE & CSP policy and strategic plan include various control measures to mitigate environmental and social impacts, stakeholder and community engagement and consultations, management systems to monitor their performances and deliver benefits to communities and people of Mongolia through employment, procurement spends, tax paymant and training next generation of Mongolia future, that meet with internationsl standards, not only complying with legal requirements. (10)

A following table describes OT's comprehensive social management plans that contributes to maintaining their SLO. This doesn't include OT's HSE management plans.

OT social management plans ad controls

Management Plan	**Plan objectives**	**Management and control activities**
Restllement and Action Plan (RAP)	Outline of the legal obligations and Project standards with regards to land acquisition and resettlement. Identifies potential physical and economic displacement impacts of the Project. Identifies Project Affected People (PAPs) including location in relation to OT through a series of thematic maps. Describes the measures taken to reduce resettlement and displacement impacts through application of the mitigation hierarchy. Incudes detail on effective resettlement, compensation and livelihood	Relocation agreements with 10 physically displaced herder households in 2004.
		Compensation Agreement with 89 economically displaced herder households in 2011.

	restoration plans and procedures for ensuring that affected peoples' livelihoods and standards of living are improved or at least restored. Defines the operational procedures, consultation methods, roles and responsibilities, and requirements for implementing the RAP; and define monitoring and reporting procedures.	Resettlement and Compensation transitioning strategy
Community Health, Safety and Security Management Plan (CHSS)	Describes the measures to address potential health and safety impacts from operational and project-related activities on local people and communities within the vicinity of the mine site and the associated facilities, as well as along transport routes and transmission lines used by OT.	Communicable disease prevention programs
		Herders outreach project
		Right, Responsibility and Representation (3R)
		Human security & human trafficking awareness rising (HS&HT)
		Road safety-projects
		Local Health Systems Strengthening

Cultural Heritage Management Plan (CH)	Outlines the legal obligations and relevant standards with regards to the protection of cultural heritage. Identifies the actual and potential sources of impact on both 'tangible' and 'intangible' heritage. Includes detail on establishing effective plans and procedures for managing archaeological sites and cultural assets, including the management of potential 'Chance Finds' during construction, operations and closure. Defines roles and responsibilities, monitoring and reporting procedures, and training requirements	Cultural Heritage Management System
		Cultural Heritage Programmes
Influx Management Plan (IM)	Identifies potential sources of influx and its impact through the various stages of the project and operations. Defines suitable mitigation measures for the direct and indirect impacts associated with population influx to the Oyu Tolgoi Project Area of Influence, by people seeking employment or moving to the area in expectation of other benefits. Defines approach to minimise both the extent of, and the potential impacts associated with, influx on the host population and receiving environment.	Employee housing strategy
		Local Business and Economic Development (LBED) Programme
		Community construction projects (2013-2016)
		Community construction projects 2016 and beyond

Stakeholder Engagement Plan (SEP)	Outline the legal obligations and relevant standards with regards to effective stakeholder engagement. Identifies stakeholders and their interests and/or issues of concern. Defines engagement and consultation methods and requirements for stakeholder engagement. Includes a specific Action Plan for stakeholder engagement and a grievance mechanism for local communities. Defines roles and responsibilities, monitoring and reporting procedures and training requirements.	Community Stakeholder Engagement Action Plan
		Community Events
		Special and Targeted Engagements
		Community complaint procedure implementation
Pastureland and Livelihood Improvement Management Plan	Outlines all OT pastureland and livelihood management initiatives, commitments and obligations for the operations phase and includes contractor activities.	• Livelihood improvement - Herder cooperative development • Pastureland management

Table 1: *OT Social management plan.* (From: OT Social Management Plan)

As this thesis focuses on Community social performance, I'd like to decribe key challenges that both OT and communities are facing. Despite OT's claimed and stated dedication to environmental conservation and community engagement, environmental and social issues have been reported for the populations residing close to the mine. The relocation of herders who live close to the mine, the fragmentation of the pasture, and the intimidation of critics are the major problems. The transport of ore from the mine, the explosions utilized during the mining operation, and the processing of ore all contribute to the significant difficulties produced by dust pollution near the mines. Another community

significant concerns has been growing water shortage brought on by the increased usage of water for mining, which reduces the water supply for nearby pastoralists. (11)

In order to understand deeply pest practices and lessons learnt in securing SLO for mining companies, detailed assessment was carried out on 3 casecases Undai River diversion, Tripartite TPC of Khanbogd soum and Cooperation Agreement with Umnugovi aimag and Khanbogd soums of Oyu tolgoi LLC. TPCThese cases mainly assess about practice of community engagement and consultation and its impact on parties relationships and mutual trust and that is explains a difficult process of gaining and maintaining SLO for mining companies.

Lack of proper community engagement and consiltations in mining activities may have have serious consequences, both in terms of safety, cost, SLO and community trust. In mining operations, there are many different internal and external stakeholders for mining companies such as internal workers, teams, and departments and external community, government, media and NGOs that involve and have interest or concerns toward the mining and exploration activities and projects, and it is crucial that everyone is on the same page and working towards the same goals.

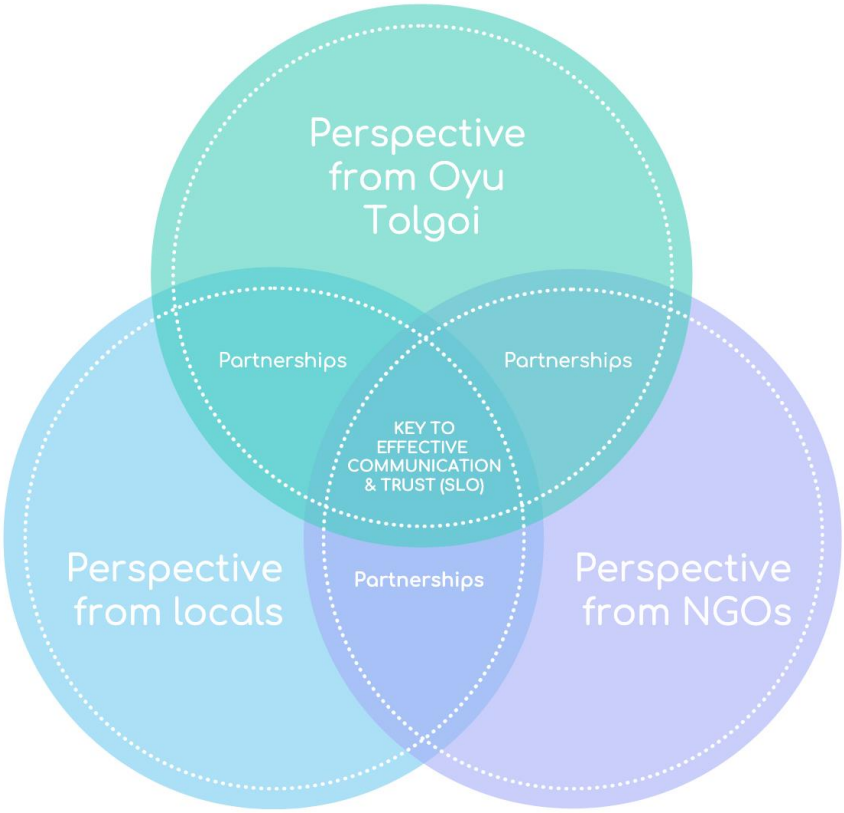
These 3 cases on OT explains about complex process of community engagement and consultations and best practices and lessons learned – different perspectives of the company, community and NGO may have a huge impact on maintenance of SLO and result in mistrust between parties.

Some factors may result in mistrust between parties are:

- the use of different body language and cultures, which can lead to confusion and misunderstandings. For example, silence is considered as an approval but on some level it might be a sign of disapproval and lead to confusion and errors.

- the use of outdated or inefficient communication methods, such as verbal communication, increased the risk of miscommunication. It is important to use paper-based agreements to ensure clear and efficient communication between all parties.

To avoid miscommunication in mining, it is essential to establish clear communication protocols and train all workers on these protocols. This includes developing a common language, using clear statements, and establishing clear lines of communication and reporting channels. Regular meetings, reviews, and training sessions can also help to ensure that everyone is on the same page and working towards the same goals.



SLO in Mongolia: Case Study

3.1 Case 1: Undai River diversion project

This work specifically discusses one case about Undai River diversion project. Undai river is one of the most significant water source for community in Khanbogd. This river's course was altered by OT between 2012 and 2013. Local stakeholders have voiced worries about the environmental effects of this action, citing, among other things, infringement of the human right to water and the right to environmental protection.

In February 2013, the herders, “OT Watch” NGO and “Goviin gazar shoroo” NGO filed a complaint against the diversion of the “Undai” river to the IFC[1]. The complainants stated that the diversion of the river will threaten the national traditional nomadic livestock and their livelihoods, and have asked the OT to stop the diversion of the river. They are especially worried that by changing the course of the river, several water supply systems will dry up, the fertility of pastures will deteriorate, the water supply of forests will be cut off, and because this river is worshiped by people, it will also affect the customs. (12)

[1]IFC - International Finance Corporation

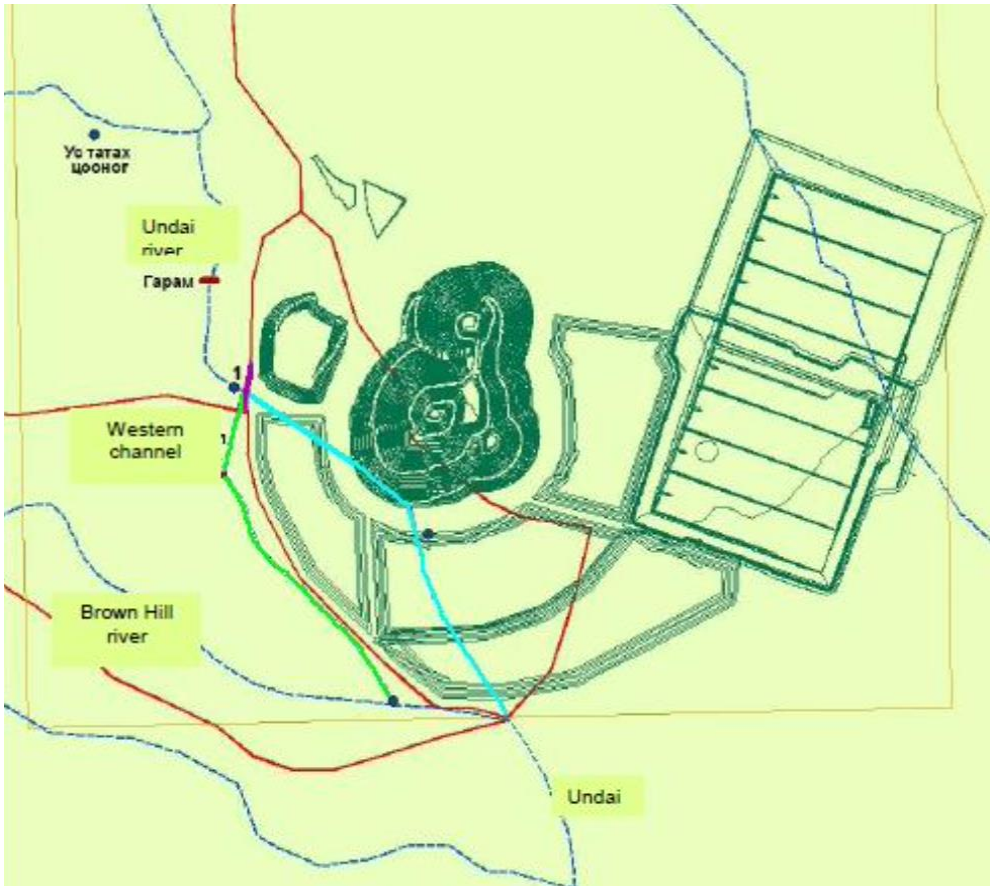


Figure 2: *Map of the changed river course. The Undai River runs south to north. The neon blue line shows the river's original flow, while the green line shows the altered flow. A pipe is positioned to direct the water at the location of the green line.* From: https://www.ot.mn/media/ot/content/archive/reports/Detailed_EIA_Oyu_Tolgoi_Undai_River_Protection_2012_EN.pdf

The river ran through the region that was classified as an open pit area, which was the cause of the detour. The Undai River's native and diverted flows are depicted in Figure 2. The dark green shape in the middle of the image, which depicts an open pit, shows where the mineral resources are located. The original flow of the Undai river is depicted by the bright blue line. Since 2013, the pipeline through which the Undai River is redirected can be seen as a light green line. The dam's site of obstruction is shown by the purple line and number 1. This dam causes the water to flow through the pipeline and into the artificial spring at the end of the neon blue line. The fence that surrounds the mining area has a spring on its edge. This spring replaces the Bor Ovoo spring, . The Undai river diversion project was to protect Undai riverbed from losing subsoil water under riverbed into the Open pit mine, protect downstream ecosystem and ensure water continuity and completeness of Undai river. (13)

During the consultation, the aim of each party was described as following.

From the complainant's side:

- Provision of water for people, livestock, and animals
- Redress any damage caused to local herders
- Provide accurate information about the project
- Respect the sanctity and cultural value of Bor-Ovoo
- Protect pastures from dehydration
- Respect the legal rights of all affected herders

From the “Oyu Tolgoi” side:

- Prevention of water leakage into open pits
- Ensuring that local herders have enough water
- Constantly inform the public about the actual impacts
- Keep projects ahead of schedule/minimize delays
- Conducting activities with "social license" (Effective communication between complainants and all herders)

Common goals and interests between two parties:

- Protection of “Undai” River
- Preventing the negative impact on locals and reducing the impacts
- Preventing the negative impacts on the environment
- Comply with laws and regulations

3.1.1 Oyu Tolgoi's perspectives

The "Oyu Tolgoi" mining company stated that the diversion of channels was necessary to manage water resources and prevent the flooding of mining pits and protecting Undai river and downstream ecosystem.

Since, 2011, OT conducted series community consultation and engagement with local communities and stakeholders before Undai river diversion project implementation. As it was mentioned above, the Undai River case highlights the importance of effective communication and community engagement in the mining industry. It is essential for mining companies to engage with local communities, understand their interests and concerns, and take steps to mitigate the environmental and social impacts of mining operations. In addition, companies need to be transparent about their operations and engage in open and honest communication with stakeholders. Failure to do so can lead to significant environmental damage, social conflict, and reputational damage for the mining industry.

3.1.2 Community, stakeholders, and NGO perspectives

As this work mentioned above, due to different perspective of stakeholders it was resulted in miscommunication . As a result, the NGOs and locals lodged a complaint against the diversion of the Undai river to CAO in 2013. After complaints was lodged, people started to give their attention to this case and many articles, and news were arising against the activity of the Oyu Tolgoi company at that time.

In 2018, “UBInfo” published an article against the activity of the Oyu Tolgoi company with the title “Oyu Tolgoi project is destroying the Undai river”. This article mainly states how the “Oyu Tolgoi” project is harming the environment and community around them.

This article mentioned: “The international organization "Independent Environmental and Social Consultant" has audited the operations of the Oyutolgoi mine and mentioned the news in its research report on how it affects drinking water resources, especially the Undai River. Local fresh water resources are drying up depending on the activities of the main supplier. The diversion of the river required more land than the mine permit area, and the project was halted due to lack of consultation with the local government to allocate the necessary land. During this period, some parts of the flow of the Undai River entered every open pit of the mine and had to be interrupted”. (14)

On the other hand, some of the sources were stating that an activity of the Undai river is still going fine. According to the article of polit.mn, written in 2022, Undai river is still flooding until now and the bench of the river is recovering efficiently. (15)

Also, the London Mining Network allegated: “One doesn’t have to use one’s imagination to find the answer - instead, we can turn our attention to Rio Tinto’s Oyu Tolgoi copper mine in Mongolia. Like the planned Resolution Copper mine, Oyu Tolgoi requires a very large amount of water to operate. Traditional herding communities in the area have documented that there is no longer enough water to raise their animals” (16)

Moreover, the articles from the “Baabar”, “24 tsag” and “Assa”, all of them stated that the “Oyu Tolgoi” project is using all the resources of the Undai river and how it is affecting the ecosystem. (17,18,19)

НӨЛӨӨЛӨЛ	ХАМРАХ ХҮРЭЭ	МАГАДЛАЛ	ЭРСДЛИЙН ЗЭРЭГЛЭЛ
Бор-Овоотын булаг ширгэнэ.	Төслийн талбайд	Лавтай болох	H
Хөх хад, Мааньт болон Бурхантын гол горхины урсацад нөлөөлнө.	Төслийн талбайд	Болзошгүй	H
ХЧО-оос хүчиллэг урсац, Ундай гол горхины урсацад нөлөөлнө.	Төслийн талбайд	Магад болохгүй	L
Барилга байгууламжийн үеэр шатахууны асгаралт, гидрокарбоны шүүрэлт усны нөөцийг бохирдуулна.	Төслийн талбайд	Магад болохгүй	L
Голын гольдролд хэсэгчлэн тохируулга хийх далангаас нөхөн сэргээгдэх Бор-Овоо булаг хүртэлх талбайн хэмжээнд газрын доорх усны түвшин огцом буурч, хуурайших үзэгдэл эрчимтэй явагдах болно.	Төслийн талбайд	Лавтай болох	H

Figure 3: *Affection of the diversion of Undai river and its degree of risk.* (From: http://www.baabar.mn/article/6884)

The figure 3 shows how it would affect the nature if the Undai river was diverted. The consequences are: 1. Bor-Ovoo will dry up, 2. The flow of the “Khukh Khad”, “Maanit” and “Burkhant” will change, 3. The acidic flow will affect the Undai river, 4. The fuel and hydrocarbonate that occurred during the construction will contaminate the water and 5. The diversion of the river will lower the level of ground water and lead to dry up. And the degree of risks are: H-high, L-low.

From the outside view, overally, some of the populations are still concerning about the potential impact on Undai river’s water quality and quantity. They are figuring that the various infrastructure and facilities built around the river to support mine’s water management and treatment activities are affecting the life of the river.

3.1.3 Overall analyzation

On this case, both parties and NGOs were having different perspectives from their sides. The company itself, Oyu Tolgoi, was aiming to protect Undai river and downstream ecosystem of Undai river, sustainable development and adhering international standards for mining industry, while the locals and other parties concerned about adverse environment impacts, their livelihood and their cultural heritage. Due to these people were having their own concerns about this case.

In 2013, “Goviin Gazar Shoroo” NGO stated that the “Oyu Tolgoi” project is harming the environment. The original complaint was publicly available on social platforms so it may have led the mass to this direction against the “Oyu Tolgoi” project. Additionally, the “UBInfo” included this statement in their article. It is said that the Undai River, which has many tributaries with temporary flow depending on the rainfall of the year, used to flood 3-4 times a year on average, and it was said that it would flood 9-10 times a year when there was a lot of rain. According to the audit, the Undai River has not been flooded since September 2010, and now the river is almost dry. But according to the article on polit.mn the Undai river flooded in 2020 and it has been flooding once every year.(15)

Undai river is not a year-round running spring and only surfaced after the rainfall. Bor-Ovoo spring was relocated as part of the Undai River diversion and the new Bor-Ovoo spring runs year-around and as a result OT has created a critical open water source for surrounding local herders and wildlife. Based on the historical data and statistics, it is shown that the circumstance was not as bad as the statements above. The water consumption of the herders has been consistent and verified by the PEM[2] program.

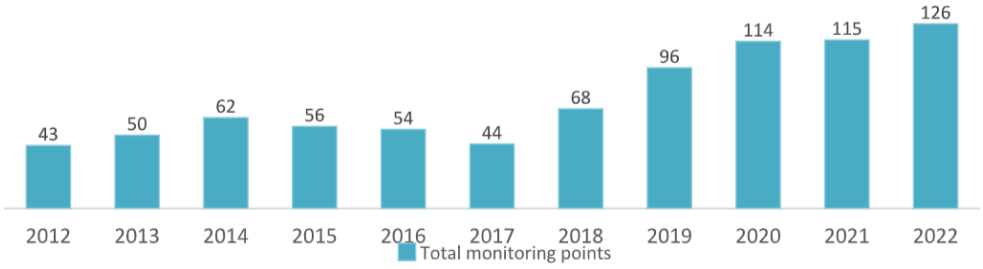


Table 2: *Number of hand dug wells being monitored through PEM* (From: OT water responses for AGM)

[2]PEM- Participatory Environment Monitoring

Beside that, herders and the “Goviin Gazar Shoroo” NGO were concerning about the livestock lives and their water supply. Until 2022 the number of livestock not only remained constant but increased.

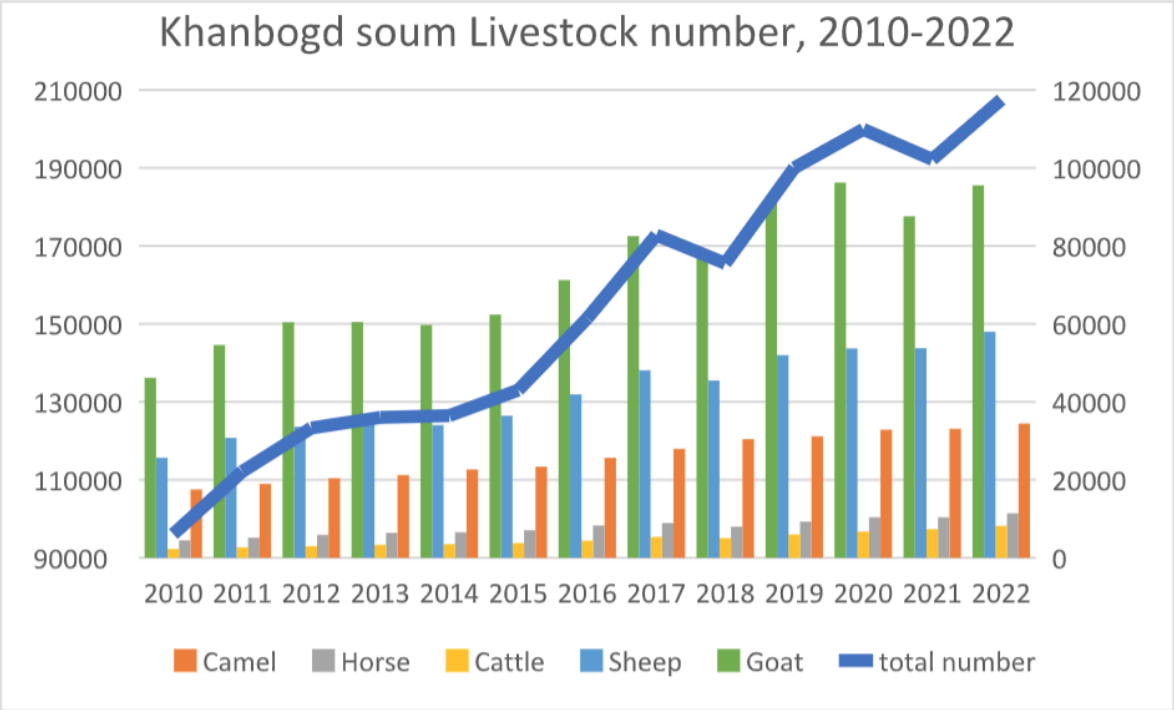


Figure 4: *Number of livestock of Khanbogd between 2010 and 2022*. (From: OT water responses for AGM)

From the diversion of the Undai river, the formation of the nature and water resource wasn’t damaged that badly. Although, OT carries out extensive engagement and consultation on Undai river diversion, community lodged a complaints to CAO in 2013. that the key issues was that different perspectives may lead into grievances and conflicts between parties OT, communities, and lack of cultural consideration in community consultation which was resulted in negative impacts on Social License to Operate.

3.2 Case 2: Tripartite Council

A forum called TPC was established in Khanbogd in 2015 as results of CAO complaint resolution process and to create open and trusted mechanism for herder community, local government and OT to resolve any issues related to herder livelihood, water and environemt. TPC has representatives from herder communities, local government of Khanbogd Soum, the “Oyu Tolgoi” company.

Since TPC was established in TPC 2015, parties signed off Herder Compalint Resolution Agreements in 2017. The TPC has its own charter and meets regularly to discuss issues related to the mine, including environmental concerns, local community development, and revenue sharing.

The Tripartite Council serves as a platform for stakeholders to share information and concerns, and to work together to find solutions to issues related to the Oyu Tolgoi project. It is seen as an important mechanism for promoting transparency, accountability, and social responsibility in the mining industry in Mongolia. (20)

The Tripartite Council in Oyu Tolgoi serves several purposes, including:

- Facilitating communication and collaboration: The council provides a forum for the key stakeholders involved in the Oyu Tolgoi mining project to communicate and collaborate with one another. This includes representative parties of the Tripartite Council.

- Addressing concerns and resolving disputes: The council helps to identify and address concerns related to the Oyu Tolgoi project, including environmental issues, community development, and revenue sharing. It also helps to resolve disputes between stakeholders by providing a platform for dialogue and negotiation.

- Promoting transparency and accountability: The council promotes transparency and accountability in the Oyu Tolgoi project by ensuring that stakeholders have access to relevant information and by encouraging them to be accountable for their actions and decisions

- Supporting sustainable development: The council supports sustainable development by promoting responsible mining practices, protecting the environment, and contributing to the social and economic development of local communities.

Overall, the Tripartite Council in Oyu Tolgoi is an important mechanism for promoting collaboration, transparency, responsibility, and most importantly, communication in mining processes.

The parties of the Tripartite Council are responsible for the following.

- Mutually respect and equally cooperate with each other Party
- Approve and comply with the Charter
- Report to the Council the performance in respective areas of responsibility
- Implement decisions validly taken at Council meetings
- Appoint their own representatives to the Council
- Perform their duties ethically and free from political influence

The responsibility of each party is described as following.

Khanbogd Soum shall:

- Disseminate information related to the Council's activities to the Khanbogd Soum Citizen Representatives' Khural, officers of the Governor's Office, and citizens.

OT shall:

- Disseminate information related to the Council's activities to its management, relevant departments, units, and officers
- Be responsible for the reasonable operational costs of the Council as set forth in the Charter.

Herders' Representatives shall:

- Disseminate information related to the Council's activities to herders

- Summarize herders' ideas and initiatives and submit them for the Council's consideration. (21)

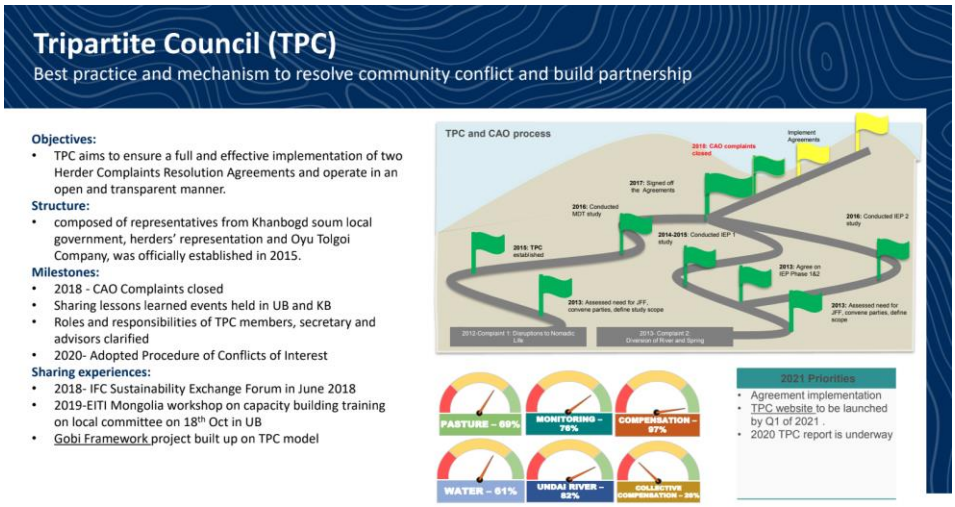


Figure 5: *Brief introduction of TPC by OT company*. (From: Communities and Social Performance (CSP[3]) Update February 2021)

[3]CSP - Communities and Social Performance

The TPC chronology is described as follows.

	Milestone	Details
1	Herder Complaints lodged to CAO	● Khanbogd (KB) herders lodged two complaints to Compliance Advisor Ombudsman (CAO) in: (1) in 2012, re their dissatisfaction in relation to the 2004 and 2011 resettlement and compensation programs; and (2) in 2013 re the Undai River Diversion impact. Both complaints lodged through Non-Government Organisations (NGOs) 'Gobi Soil' (KB-based) 'OT Watch' (UB-based).
2	Key steps of complaints' resolution process	● The CAO assessed the complaints were deemed eligible for CAO consideration. ● The complainants and the Company agreed to carry out a voluntary dispute resolution process under the CAO facilitation in order to resolve the problems raised through the complaints. ● Tripartite TPC (TPC) was established in June 2015 ● Three assessments and the independent expert surveys, undertaken

		over 2014-2016, which became a grievance settlement tool. ● The parties signed off the Herder's complaint Resolution Agreements in May 2017 ● CAO monitoring between May 2017 – November 2018 upon TPC's decision to closure CAO Complaint case. ● CAO Complaint case closure in March 2019.
3	TPC	● After a series of CAO-facilitated meetings and discussions between KB herders and OT from 2013-2015, the Tripartite TPC (TPC) was established in June 2015 to resolve the complaints through a non-adversarial dispute resolution process and to deal with any issues related to herders, pasture, and water. ● Initially, TPC consisted of equal number of representatives from the Company, local government, and the herders. Later, herder representatives added up to 12 to improve herder participation. ● Currently, TPC has 22 members from Herder groups 12, KB local administration 5 and OT -5; ● TPC convenes regular meeting bimonthly basis
4	Herder Complaint Resolution Agreement x 2	● As the Parties were in dispute, the TPC agreed to conduct three independent studies in relation to OT impacts and changes to herder and general community livelihoods and culture in KB. ● Based on the studies' findings, TPC agreed to resolve the CAO complaints and executed 2 Herder Complaint Resolution Agreements (HCRAs) in May 2017 - (1st Herder Complaint Resolution Agreement on Compensation and 2nd Herder Complaint Resolution Agreement on Undai River Diversion Project). ● HCRAs contained 77 actions and outlined due dates, responsible parties and performance criteria for each agreed action. ● These agreements signify transition of the complaints resolution process from a discussion phase to the implementation phase. ● OT agreed to fund completion of the agreed actions.

Table 3: *TPC chronology.* (From: OT TPC chronology)

3.2.1 Oyu Tolgoi's perspectives

TPCOyu Tolgoi has committed to a future of operating in harmony with the local people, supporting their aspirations, way of life, and helping to preserve traditional Mongolian culture and values, for the long-term benefit of all parties.

The TPC is a robust mechanism and forum that provides a trusted and open environment for all stakeholders to have honest and transparent dialogues. The TPC requires mutual responsibilities and long-term commitments from all parties.
Oyu Tolgoi is fully committed to implement its obligations agreed under TPC agreements.

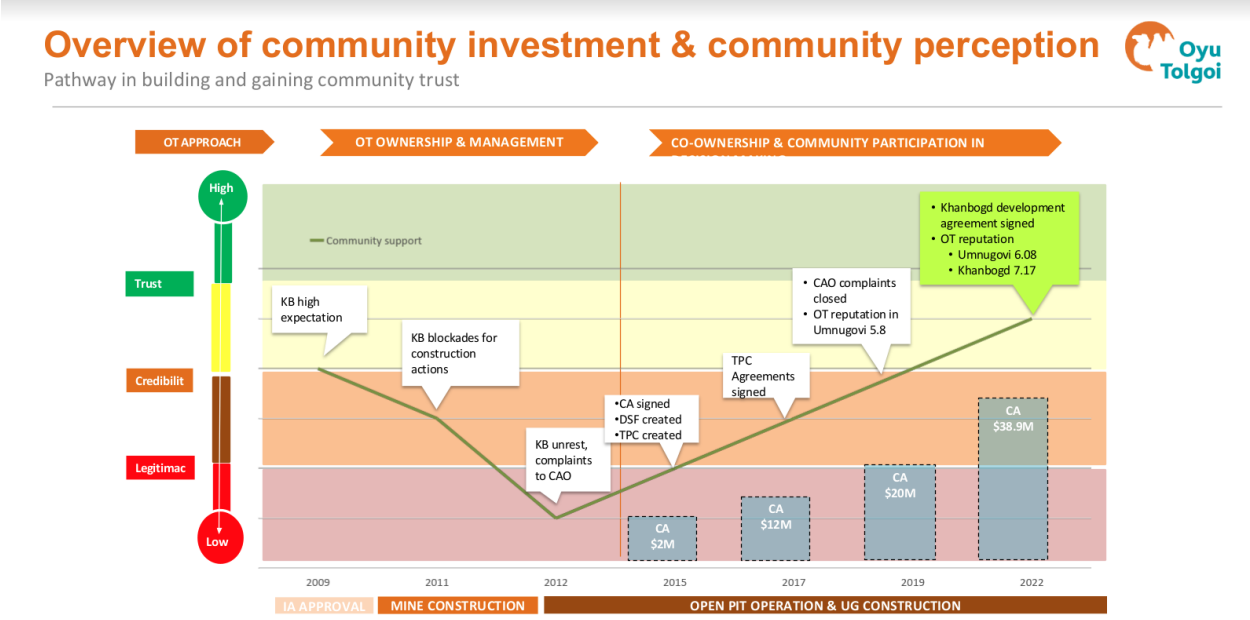


Figure 6: *Communication line of the "Oyu Tolgoi" company and the locals of Umnugovi province between 2009-2022*. (From: Communities and Social Performance (CSP) Update February 2021)

In 2010 the construction phase of the "Oyu Tolgoi" mine was began. As shown in Figure 6, in 2012 the line came to its extremum (min) point owing to the fact that miscommunication appeared between the parties with different cultures and body language. In Figure 6, it clearly showed a considerable increase in the line with the method of communication effectiveness and trust.

3.2.2 Community, stakeholders, and NGO perspectives

From 2012 to 2013 during the conflicts and misunderstandings between OT and the herders, the behavior and perspectives of people were mostly harsh against the case, but when the Tripartite Council was established people's perspectives started to shift to the more approving side.

The herders of Khanbogd, the governor of Khanbogd, and the OT stated that establishing Tripartite Council was a big step toward building communication, trust, and the relationship between parties. The Tripartite Council provides updates that happened within their regular meetings through social platforms. Within this update, they provided the problems that occurred, the decision of the meeting, and the implementation of the previous decisions. (22)

Also, the CAO[4] provides updates on activities of the TPC within the contents of pasture water, compensation, and the water rate of the Undai river. How the OT project is affecting the environment and what was their contribution against the harm to the surrounding livelihood and whether their effort for sustainable development has been effective or not.

The fulfillment of the Tripartite Council activity was described as follows.

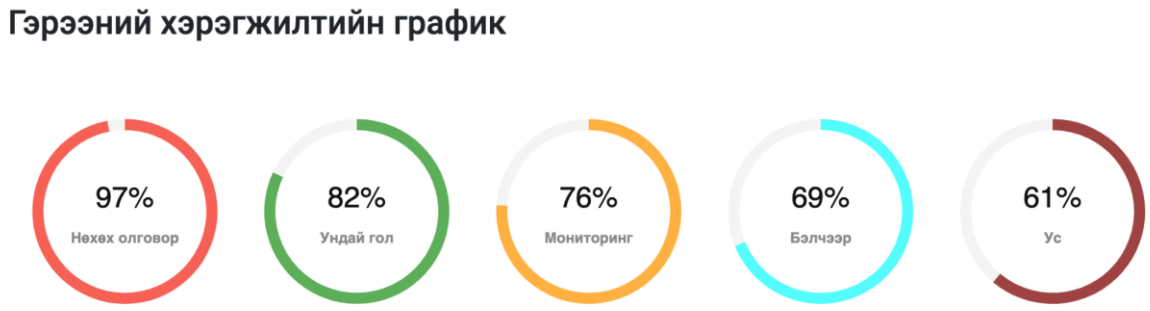


Figure 7: *Fulfillment of the Tripartite Council agreement.* From:http://tpc.mn/category/contract_implementation/

97%-Compensation, 82%-Undai river, 76%-Monitoring, 69%-Pasture, 61%-Water.

[4]CAO-Compliance Advisor Ombudsman

The mass behavior towards the OT project has gotten much better after the establishment of the Tripartite Council compared to the 2012-2013 situation. However, some of the time there has been controversy and tension. Some members of the local community have expressed concern that the council has not been effective in addressing their concerns and protecting their rights, and there have been protests and demonstrations against the mine's development. Some community members have also accused Rio Tinto of not fulfilling its obligations under the agreement with the Mongolian government and not adequately compensating the local community for the impacts of the mine's development. (22)

In 2022, there were protests by local herders and environmental activists who claimed that the mine was causing environmental damage and threatening their livelihoods. They accused the council of not doing enough to address their concerns and demanded that the government take more decisive action to protect the interests of the community. (23)

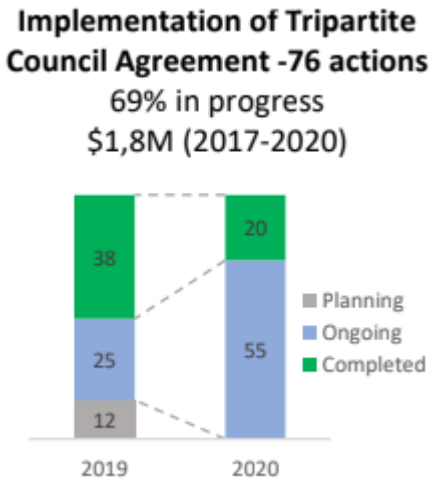
Overall, the behavior of people towards the tripartite council in Oyu Tolgoi has been mixed. On one hand, there has been support for the council's efforts to ensure that the mine's benefits are shared fairly among all stakeholders, including the local community. Some have praised the council's focus on environmental protection, and its efforts to promote transparency and accountability in the management of the mine.

3.2.3 Overall analyzation

From the perspectives of both parties, the Tripartite Council was a win-win situation for the OT, its partner communities, and concerned people.

The Tripartite Council provides updates that happened within their regular meetings through social platforms. As a result, the miscommunication and misunderstanding that were happening during the Undai river decreased. The parties were discussing their problems and situations more frequently and openly which must have given them a chance to exchange the important and main information. And it led both parties to a more understandable situation and gave the mass population more truthful information.

From the perspective of the third party, it is seen that one of the main important shifts was that the agreements and negotiations between the parties were shifted from oral to written. During the oral conversation, the important parts might get missed, or not recognized, or in a worse situation, the parties might change what they mentioned before. But with the help of written communication and meetings, each point and view will be noted clearly and missing participants can keep up with the process.



The implementation rate from 2017 to 2020 of the Tripartite Council was 69% according to the OT report which it can be seen from the Figure 8. Comparing to the 2019, 2020's ongoing process was much increased.

And 1.8M$ were expended for the fulfillment of this agreement throughout the timeframe.

Figure 8: *Implementation of TPC*. (From: Communities and Social Performance (CSP) Update February 2021)

The TPC was the major reason for increased trust and effective communication between the parties. According to the 2.2.2 of this work, the TPC is a mechanism where the

stakeholders can share their information, opinion, and requests openly. Although, NGOs aren’t satisfied with TPC.

Overall, the behavior of people towards the tripartite council in Oyu Tolgoi reflects the complex and often contentious relationships that can arise between communities, companies, and populations. While some see the council as a positive step towards ensuring that the benefits of the mine are shared fairly and sustainably, others remain skeptical and demand more concrete actions to address their concerns. Addition to that, the Tripartite Council of Oyu Tolgoi is a successful social licensing practice that has helped to ensure the sustainable development of the Oyu Tolgoi mine in Mongolia. By facilitating dialogue and cooperation between the different stakeholders involved in the project, the Council has helped to address social and environmental concerns related to the mine's operation and to promote the fair and equitable sharing of benefits. As a matter of fact, the Tripartite TPC is considered as the best practice of meaningful engagements between mining companies and communities.

3.3 Case 3: Cooperation Agreement

The cooperation agreement was signed between the “Oyu Togloi” company and its partner communities (Umnugobi province, and Khanbogd, Manlai, Bayan-Ovoo, and Dalanzadgad soum) on 22nd of April, 2015.

The agreement outlines how the parties would collaborate to promote sustainable development in crucial areas like water and the environment, managing pastureland, protecting cultural heritage, promoting tourism, and local economic growth.

The agreement's primary objective is to give local communities and Oyu Tolgoi a solid governance framework so they may work together more effectively and fulfill their respective duties.

According to the agreement, Oyu Tolgoi will contribute US$5 million annually to a DSF for community programs and projects in the Umnugobi province. The DSF[5] is managed jointly by Oyu Tolgoi and the Community. (24)

This agreement implementation vechile is the “Goviin Oyu DSF” NGO which was established in 2015.

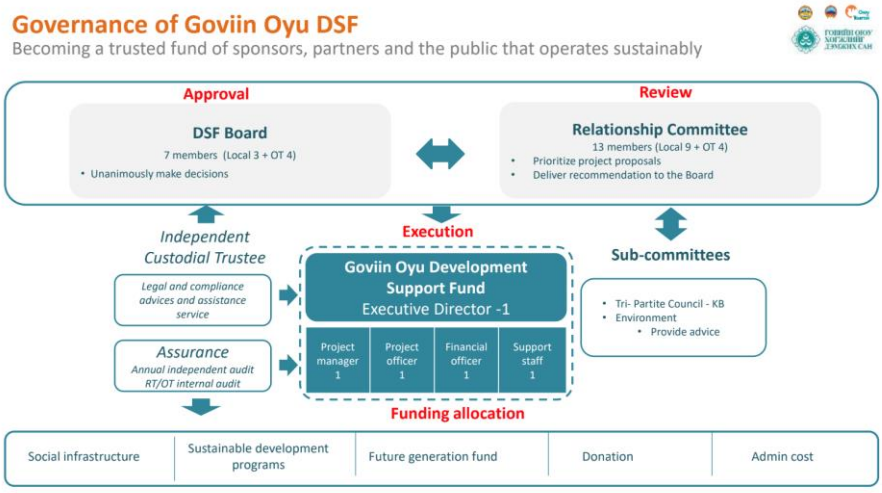


Figure 9: *Governance of “Goviin Oyu DSF” NGO*. (From: Communities and Social Performance (CSP) Update February 2021)

[5]DSF - Development Support Fund

The cooperation agreement was crucial for both parties for these several reasons.

1. Provides a clear framework: A cooperation agreement between the “Oyu Tolgoi” company and its partner communities outlined the terms and conditions under which the parties agree to work together towards a common goal or project. It provided a clear framework for cooperation (within 18 chapters), helping to ensure that all parties are on the same page and understand their roles and responsibilities.

2. Helps to manage risks: A cooperation agreement between the “Oyu Tolgoi” company and its partner communities could help to manage risks associated with the collaboration, including risks related to financing, misunderstanding, and liability. By identifying potential risks upfront and agreeing on how they will be managed, the parties can reduce the likelihood of disputes or misunderstandings later on.

3. Facilitates communication: A cooperation agreement between the “Oyu Tolgoi” company and its partner communities encouraged communication between the parties, helping to ensure that everyone and each party is aware of developments and changes in the project. It also provided a mechanism for resolving disputes, which can help to prevent conflicts from escalating.

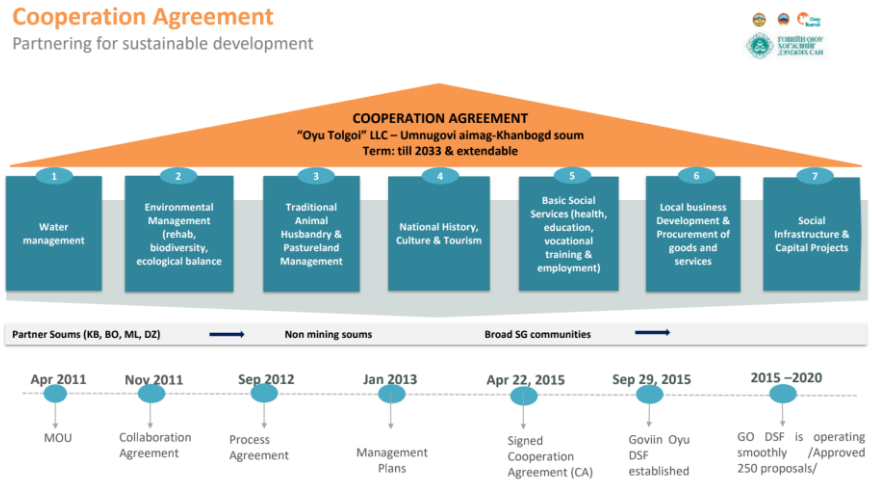


Figure 10: *Overview of the Cooperation Agreement*. (From: Communities and Social Performance (CSP) Update February 2021)

4. Promotes trust and mutual understanding: A cooperation agreement between the “Oyu Tolgoi” company and its partner communities promoted trust and mutual

understanding between the parties. By clearly defining the goals and objectives of the collaboration, as well as the resources and responsibilities of each party, this agreement helped to build trust and foster a sense of partnership.

5. To create shared values: Ultimately, a cooperation agreement between the “Oyu Tolgoi” company and its partner communities is important because it helped the parties to achieve shared goals. By working together in a structured and coordinated manner, the parties can achieve more than they would be able to individually. A cooperation agreement can help to align the efforts of the parties towards a common vision and increase the chances of success.

3.3.1 Oyu Tolgoi's perspectives

The Cooperation Agreement is also the resolvement for the miscommunication between the "Oyu Tolgoi" company and its partner communities.

Rio Tinto defined the importance of agreement as follows.

Successful mining operations depend on stable, lifetime access to the land. The strategy used by Rio Tinto is to negotiate long-term land use agreements with all parties involved, including the people who live on the property in question and are impacted by it. Understanding and valuing what the land means to the people who live there is essential to the success of those agreements. Community agreements are lengthy, frequently spanning more than 50 years. Rio Tinto aims to build partnerships with linked parties through agreements in order to find solutions to share risk and produce profit for both parties.

Processes for reaching agreements mark a significant advancement above traditional corporate social responsibility. They are essential for gaining and maintaining the land access necessary for Rio Tinto's activities, and they make it possible to operate with approvals and consents. They also enable decision-making about how those advantages should be utilized within communities and deliver benefits directly to the affected stakeholders. (25)

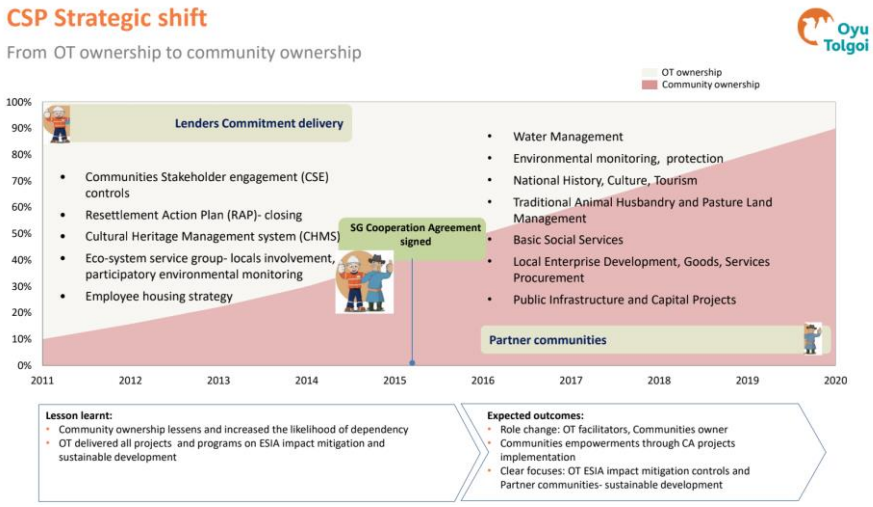


Figure 11: *Communication ratio of the "Oyu Tolgoi" company and the locals of Umnugovi province between 2011-2020*. (From: Communities and Social Performance (CSP) Update February 2021)

As shown in Figure 11, the strategic shift of ownership is more dilated to the community side. The Cooperation Agreement was signed to develop the relationship between the “Oyu Tolgoi” company and the local community which was already increasing constantly.

By signing the Cooperation Agreement both parties benefited from increased efficiency, improved quality, increased innovation, shared resources, expanded networks, and mutual benefit. By working together, parties can often achieve results more efficiently than if they worked separately. Additionally, by consulting with the expertise, parties can create something that is better than what they could have achieved individually.

Figure 12: *Importance of Cooperation Agreement* (From: Communities and Social Performance (CSP) Update February 2021)

As shown in the Figure 12, the OT calculated these by signing a Cooperation Agreement within legal compliance. Firstly, sustainable development necessitates the

support of financial and governmental institutions to materialize effectively. This support is crucial in providing the necessary resources and expertise to implement sustainable initiatives and projects. By allocating adequate funds and enacting favorable policies, sustainable development can be fostered, promoting long-term environmental and social well-being.

Second, a key aspect of sustainable development is the transfer of authority from overarching organizations or entities to local communities. This decentralization of power empowers communities to actively participate in decision-making processes. This involvement enables them to contribute to the planning and implementation of sustainable practices that align with their unique needs and aspirations.

Third, cooperation and obtaining social license play pivotal roles in advancing the objectives of sustainable development and fostering shared value.Through open dialogue, active engagement, and building trust, these parties can forge strong partnerships that lead to collective action and the achievement of sustainable goals. Furthermore, gaining social license involves garnering public support and acceptance for sustainable initiatives, which facilitates their successful implementation.

Fourth, in order to maximize the impact of sustainable development efforts, it is vital to maintain stable and consistent qualitative and quantitative results. By continuously monitoring and evaluating the outcomes of sustainability projects, adjustments and improvements can be made to enhance their effectiveness. This iterative process ensures that the socio-economic benefits generated by sustainable development initiatives are not only sustained but also amplified over time. Through a socio-economic multiplier effect, these positive outcomes can have far-reaching implications, benefiting not only the local communities but also the broader region.

Lastly, attracting the attention and investment of external parties is crucial for the sustainable development of Umnugovi province. By showcasing successful sustainable projects, highlighting the positive socio-economic impact, and promoting the region's potential, Umnugovi can capture the interest of investors, both domestic and international. This influx of investment can provide additional resources, expertise, and technology to further advance sustainable practices in the province. Moreover, attracting external stakeholders fosters knowledge sharing, cross-sector collaborations, and the exchange of best practices, ultimately contributing to the overall sustainability and prosperity of Umnugovi province.

3.3.2 Community, stakeholders, and NGO perspectives

The most of the partner communities and the external organizations are assuming that the Cooperation Agreement between the Oyu Tolgoi company and the Khanbogd soum was a big step towards the development in communication and information exchange.

The Goviin Oyu DSF and the governor of Umnugovi province are both on the same page as seeing this agreement brightly. Along with these partners, the Mongolian Mining Journal was able to recognize the Cooperation Agreement and inform its purpose through article. (26)

Even though, there is always the opposite side to these communication kind of situations. There have been instances of negative behavior towards the cooperation agreement.

For example, there have been protests and demonstrations by some residents of Dalanzadgad in 2021 who feel that the agreement has not adequately addressed their concerns or provided sufficient benefits to the community. Some have also accused Oyu Tolgoi of failing to fulfill its commitments under the agreement, particularly with regard to environmental protections and job creation.

In addition, there have been reports of conflicts between herders and the mining company, as the development of the mine has disrupted traditional grazing patterns and access to water sources. There have also been concerns about the impact of the mine on the local ecology, including potential pollution of rivers and soil. (27)

These challenges and concerns have been occuring through decades since the beginning of the Oyu Tolgoi project. To stop these concerns effective communication and information exchange is not enough. The both parties does not have the capacity to see the real-life result on these concerns so the trust between the parties are not building perfectly.

3.3.3 Overall analyzation

The same side of the TPC and the Cooperation Agreement was that both cases were leading to more efficient and successful communication, agreement and negotiation to maintain SLO.

While there have been criticisms and concerns regarding the cooperation agreement between Oyu Tolgoi and Khanbogd, there have also been positive attitudes and behaviors towards the project, particularly with regard to the potential for economic development and the inclusion of community input and environmental protections.

As the OT was stated in 2.2.3.1 most of them was fulfilling effectively. The agreement has created job opportunities for local residents and provided funding for infrastructure projects in the area, such as the construction of a hospital and a new school. This has been viewed positively by some members of the community who see the benefits of the project and the potential for economic development in the region.

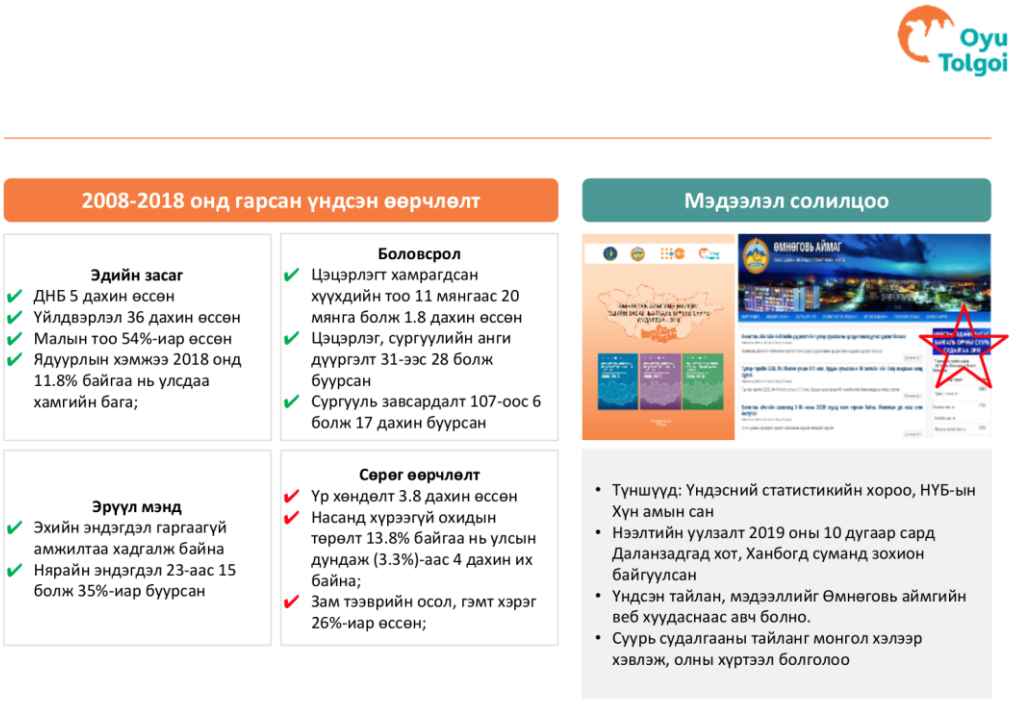


Figure 13: *Change that occurred from 2008 to 2018.* (From: Communities and Social Performance (CSP) Update February 2021)

In addition, the cooperation agreement has included provisions for economy by increasing the manufacturing by 36 times, livestocks by 54%, and GDP. And the poverty rate has become 11.8% which is the lowest among the country. This has been seen as a positive step towards greater transparency and accountability in the province.

Furthermore, the cooperation agreement has also included commitments from Oyu Tolgoi to provide health protections and support for education in the region. The amount of kids that has enrolled in kindergarten has increased from 11’000 to 20’000. The amount of children that divided into 1 class has decreased from 31 to 28. The frequency of sudden gap that occurs during academic time has decreased from 107 to 6. This has been viewed positively by some community members who are concerned about the impact of the mine on the local ecology and their traditional way of life.

Although, there was some side effects. The abortion level was increased by 3.8 times. The pregnancy of underages became 13.8% which is 4 times higher than the national average. The rate of traffic accidents and crimes has increased by 26%.

Each parties and individuals have different oppinions and perspectives on this case. But effective implementation of such cooperation agreements requires a commitment from both parties to fulfill their obligations, honor their commitments, and maintain open communication channels. Parties must also work together to resolve any issues or conflicts that may arise during the implementation of the agreement.

Overall, the success of the cooperation agreement between Oyu Tolgoi and Khanbogd would depend on how well the two parties work together and how effectively they leverage each other's strengths to achieve their goals.

Result & Conclusion

Social License to Operate is a very complicated yet important process in mining industries. It can bring companies information, support and most importantly, a trust from their partner communities. Throughout the whole SLO process a lot of obstacles related to the communication, negotiation and understanding will appear. But in the end it is worth it. In Mongolia many cases related to the SLO happens. But people or companies couldn't recognize them under the term of SLO and face many problems afterwards. Based on the cases that was analyzed before, companies should use different approaches for each cases and mostly concentrate on few things below.

Building and maintaining a social license to operate requires effective communication strategies that engage and inform stakeholders, address concerns, and demonstrate the company's commitment to responsible practices.

Some key elements to gain a social license to operate include:

Transparency: Companies must be transparent about their activities, impacts, and plans. They must be open and honest in their communication with stakeholders, sharing information in a clear and accessible manner.

Engagement: Companies should engage with stakeholders through various channels such as community meetings, consultations, surveys, and feedback mechanisms. This engagement should be ongoing and allow stakeholders to provide input and feedback on the company's operations and plans.

Responsiveness: Companies must be responsive to stakeholder concerns and take appropriate actions to address them. This involves actively listening to stakeholders, acknowledging their concerns, and implementing measures to mitigate negative impacts.

Sustainability: Companies should communicate their commitment to sustainable practices and their efforts to minimize environmental, social, and economic impacts. They

should highlight their contributions to local development, such as job creation, skills development, and community investment.

Partnership: Companies should seek to build partnerships with local communities, NGOs, and other stakeholders to foster collaboration and promote shared value. This can help to establish trust, build relationships, and identify opportunities for cooperation.

Considering all these key elements it is shown that communication plays a critical role in securing a social license to operate. By being transparent, engaging stakeholders, being responsive, demonstrating sustainability, and building partnerships, companies can establish a positive reputation, foster trust, and create value for both the company and the local community.

In order to communicate with partner communities, companies should develop different approaches depending on some factors. Firstly, cultural awareness. Mining companies must understand and respect the local community's culture, traditions, and values. They should recognize and appreciate the unique characteristics and needs of each community and adapt their communication style and message accordingly. And local participation. Mining companies must actively involve local communities in decision-making processes related to mining operations by giving them the authority. This involvement should be inclusive, transparent, and respectful, allowing for meaningful dialogue, and input. Last but not least, clear point making. In order to gain trust of the locals mining companies should be clear on what they are willing to provide for the community. Such as how they are going to manage the risks, how they are going to support the education and health program.

Even though the mining company itself should consider all these criterias as this work mentioned before, effective communication with local communities requires a collaborative and transparent approach that is based on mutual respect and trust. Both the mining company and the local community should work together and put in effort to achieve efficient communication. Effective communication requires a collaborative approach, where both parties are willing to listen, understand, and engage with each other.

The mining company should take the lead in establishing communication channels and engaging with the local community. However, the local community must also be willing to participate in the dialogue and contribute to the decision-making processes. The community can provide valuable insights, feedback, and perspectives that the company may not be aware of, and this can help the company to develop more effective communication strategies and practices. And both parties should be committed to ongoing engagement, transparency, and trust-building. This may involve regular meetings, consultations, and community engagement activities, such as site visits or open discussions. Both parties should also be open to feedback and willing to adapt their communication strategies based on the needs and concerns of the other party.

Gaining Social License to Operate can be challenging to achieve, particularly when there are language or cultural barriers, or when there are significant differences in power or resources between the two parties. However, by working together and putting in effort to build relationships based on mutual respect and trust, both the mining company and the local community can create a more positive and sustainable relationship that benefits both parties.

Recommendation

Firstly, I hope that this thesis work will serve as a valuable guideline for mining industries in Mongolia to effectively obtain and maintain Social License to Operate. By researching the existing case on social license to operate and conducting analyzation to understand the unique cultural, social engagement, and different perspectives of each parties, this study has identified practical and feasible recommendations that could be implemented by mining companies operating in Mongolia. These recommendations prioritize community engagement, environmental sustainability, and stakeholder perceptions, and provide implementation guidelines and strategies to mitigate potential challenges and risks. By following these recommendations, mining companies could not only enhance their social license to operate, but also contribute to sustainable development in Mongolia.

Additionally, I also hope that this thesis work will be beneficial not only to mining industries in Mongolia, but also to students pursuing a Bachelor's degree in Industrial Engineering who are interested in conducting research on social license to operate, as well as to individuals who have a general interest in gaining knowledge about the concept.

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