

Appendix №2 Selection of proposals, contracting, and monitoring implementation

**SELECTION OF PROPOSALS, CONTRACTING, AND
MONITORING IMPLEMENTATION**

ONE. SELECTION PROCESS OF RESEARCH PROPOSALS:

Step 1 – Announcement of the MRG

July The research grant program will be announced on the social networks of Oyu Tolgoi, Rio Tinto Mongol LLC and MUST.

Step 2 – Application Submission Deadline. Secretary of MRG will receive applied proposals and get clarifications if necessary

October Research teams submit their project proposals by 28 of October of the year of announcement. After the deadline for applications, the secretary will review the applications and, if necessary, get clarifications from the applicants.

A working group of MRG will be established, including representatives of MUST, Oyu Tolgoi, Rio Tinto Mongol LLC. Representatives who will work in the working group of the research project must declare whether they have no conflicts of interest or not.

Step 3 – Project evaluation

November

- The working group of MRG shall review the proposals and may reject the proposals if they are incomplete or irrelevant.
- A Review panel will be created.
- The review panel will evaluate the project proposals.
- The review panel members review the list of proposals and inform the working group of MRG that which proposals can be evaluated and which are rejected.

Step 4 – Final Decision of Steering Committee, Announcement of Grant

December

- The review panel will make a professional opinion on the projects proposals that request grant and submit the evaluation to the Working group of MRG.
- The working group of MRG will make preliminary selection based on the opinion experts.
- The selected project proposals will be submitted to the Steering committee by the working group of MRG.
- Awarded projects will be announced publicly.

TWO. MANAGEMENT OF GRANT AND EVALUATION PROCESS:

The Secretary of MRG is a secretary of the Working group of International Cooperation and Mining Research grant (IC and MRG) and is responsible for coordination and documentation of the grant program. The Secretary shall assist in organizing the meeting of the working group of MRG for reviewing and evaluating the project proposals.

The Working Group of MRG, which is comprised of the representatives from MUST, Oyu Tolgoi LLC and Rio Tinto Mongolia LLC, shall review the submitted proposals and reject the research proposals which are incomplete or irrelevant to the MRG focus areas.

The working group of MRG will submit the Review panel's evaluation report to the Steering Committee. After the decision of the steering committee, the working group of MRG will be disbanded.

Review panel will be formed by the working group of MRG based on the MUST, Oyu Tolgoi LLC and Rio Tinto Mongolia LLC's nomination; according to the research areas specified in 5.1. of Operation Guide. A member of the Review Panel shall be researcher with a doctoral degree or higher, or supervisory experts in the field. Members from abroad can participate online. Each member will give their evaluations and conclusions. A candidate as a member of the review panel shall notify the working group of MRG if there is a conflict of interest. In case of conflict of interest, another expert will be invited to participate. Projects developed by themselves or their colleagues, or proposals for projects consulted by them cannot be evaluated.

Reporting and Resolving Conflicts of Interest: This section provides guidance on how members of the Working group of MRG and Review panel should consider the interests that arise during the evaluation of a research grant proposal.

Types of conflicts of interest

Conflict of interest

Organizational conflicts

- a) have worked for the applicant's organization¹ for the current or last two years;
- b) work as a part-time, visiting professor or honorary professor at the applicant's organization;
- c) *work as a consultant in the school or department of the applicant's organization;*

Violations related to the applicant

- a) The member of the Subject Review Panel shall be involved in the applicant's research project as a coordinator, principle investigator, co-investigator, co-investigator and partner;
- b) The research grant proposal has been reviewed and recommended in advance;
- c) have an advisory relationship with the applicant (supervisor of the doctoral student);
- d) co-ownership of the patent with the applicant;
- e) Personal relationships with the applicant (eg cohabitants, spouses, relatives, long-term friends);
- f) have published a research paper with the applicant in the last 3 years;
- g) have worked on research projects with the applicant for the last 3 years;
- h) other cases of conflict of interest between the member of Committee and the Panel.

¹ In a single-investigator project, the applicant is the Principle investigator. In case of research team, the applicants are all team members.

Measures to be taken

- a) If there is a violation in the working group of MRG, it will be reported to the authorized officials of MUST, Oyu Tolgoi LLC and Rio Tinto Mongolia LLC.
- b) MUST, Oyu Tolgoi LLC and Rio Tinto Mongolia LLC shall appoint a new member to replace the offending member.
- c) If there is a violation in the Review panel, it will be reported to the working group of MRG.
- d) A member of working group of MRG and a member of the review panel shall not participate in the evaluation process if they declare the conflict of interest.

Member of the Subject Review Panel

The members of the Panel shall not participate in the evaluation if they have stated their main interests in relation to the organization and the applicant.

In the case of minor interests, a decision shall be made after considering the possible impact on the evaluation of the Panel member.

- a) to relieve the member of the task of evaluating a proposal of minor interest;
- b) The Committee/Panel has been informed of a minor interest, but this does not affect the evaluation of the Panel member;

A member who declares their main interest shall not participate in all evaluation processes related to the application.

Chairman of the Panel and Committee

If the Chair of Review Panel and the Chair of Committee declare their core interests, they will not be involved in the entire process of evaluating and resolving the application, and will appoint another member to act as Chair.

Registration of interests

All members participating in administration and evaluation of MRG shall keep a record of their declarations of interest in the Secretariat. Any changes to your notice shall be notified to the Secretary immediately. Interests can be made public. These conflicts of interest are not final, as it is not possible to specify every conflict of interest. Other possible cases other than those specified herein shall be reported to the Secretariat for consultation.

1. Code of Conduct

The Project Steering Committee/Working Group/ Review Panel (hereinafter referred to as the Committee/Group/Panel) shall adhere to the principles of integrity in the management of research grants. The Committee/Group/Panel shall invite, receive, evaluate and approve applications for participation in the research grant program. The members of the Committee/Group/Panel shall evaluate and grant research grants in a fair and non-discriminatory manner, gain public trust, protect the public interest, and protect the reputation of the Committee/ Group/ Panel from fraud, corruption and unprofessional practices. To this end, the following ethical standards shall apply to (i) Project Steering Committee and Working Group of MRG members and Subject Review Panel members, and (ii) Research Grant Applicants.

General standard

Committee / Group/ Panel members:

- a) ensure that his/her conduct would not bring the MRG Committee/ Group/ Panel into disrepute;
- b) avoid at any time or in any respect doing anything which may compromise or impair his/her integrity, impartiality, objectivity or ability to perform MRG duties. For instance, he/she should not contact the applicants directly for clarification/additional information relating to their applications or disclose information relating to the assessment; and
- c) adhere to any rules or orders made for the practices and procedures in relation to the operation of MRG;

An applicant:

- a) ensure that his/her conduct would not bring the Council into disrepute;
- b) refrain from communicating with the members and reviewers on the application submitted with a view to influencing the members and / or reviewer in assessing the application; and

- c) observe the prevailing guidelines and procedures relating to application for and implementation of MRG issued by the Committee.

Special standards

In addition to the general standard, the following special standards shall be followed.

Offer and acceptance of bribes or advantages

a) Prevention of bribery

A member is considered to have committed an act of bribery if he or she takes advantage of the selection process for their personal gain without the approval of the Project Steering Committee. Members of the Committee and the Panel are prohibited from misusing their professional rights and duties for personal gain and giving preference to any person or organization. On the other hand, the applicant shall not engage in any act of correction or intimidation with any gift intended to influence the evaluation of the members of the Committee, Working Group or the Review Panel.

Conflict of interest

Description: Conflicts of interest arise when the personal interests of a member of the Committee / Group/ Panel conflict with the general interests of the Committee/ Group/ Panel. "Personal interests" include the personal interests of a member of the Committee/ Group/ Panel and his or her family, relatives, friends, clubs, associations and any person in possession of a receivable from them.

Managing conflicts of interest

- a) There are two ways of reporting conflict of interest cases. A statement of conflict of interest shall be issued in accordance with the standard form as soon as he or she is appointed as a member of the Review Panel and in the event of re-appointment or change of circumstances. In the second case, a statement is made when a conflict of interest arises during the evaluation of the research proposal.
- b) A member of the Committee or Working Group or a member of the Panel shall refrain from any act of conflict of interest. They are prohibited from using their official duties or the information obtained from them for the benefit of their personal or social connections. They avoid exposing themselves to potential conflicts of interest or potential situations. Failure to avoid any conflict of interest in relation to the applicant, failure to report or inform the applicant, or submission of a proposal to the applicant's research project without permission may result in bias, abuse of power, or corruption. Therefore, members of the Committee, Working Group and the Panel should be informed in advance of the potential circumstances of the conflict of interest.
- c) In the event that a Member declares that he or she has a conflict of interest, the Chairman of the Panel shall decide whether or not the Member may attend the meeting or vote as an observer during the consideration of the application.
- d) Applicants should notify the Working Group of MRG in advance of any discrepancies or conflicts of interest with their nominated members.

Evaluation of the Panel members

- a) Members shall evaluate the grant proposal in a purely independent and non-discriminatory manner, without evaluating it on their own behalf or on behalf of the organization.
- b) Members shall not (i) evaluate the proposals of persons working with their respective organizations or divisions, and (ii) the proposals of persons who have worked for the last two years or (iii) the persons of the organization they have visited. If a member has any doubts of interest, he or she shall notify the Secretary and the Secretariat shall decide whether to reconsider the draft proposal or refer it to another member.

Providing funding

Members provide funding in a prudent and responsible manner in the public interest. Funding will be approved for research grant proposals that are eligible for funding and meet the criteria. Grant proposals will be evaluated in an open, fair and competitive manner and the most competitive project will be selected.

Confidentiality

Confidentiality of research grant proposal

All grant proposals and reports will be evaluated confidentially. The members of the Panel shall not disclose the content of the grant proposal to any third party during the evaluation process. Panel members will delete all relevant documents after the evaluation. To be fair, the Panel member shall not disclose any additional information about the project or the progress of the evaluation directly to the Principle Investigator. The Principle Investigator will be contacted only through the Secretary.

Confidentiality of personal information

Comments from Panel members on the investigator and the research project may be personal information. Prior to the submission of the recommendations by the Panel members to the investigators, the investigators shall disclose which Panel members made the recommendations and, in general, the recommendations of the Review Panel. The Committee and Working group will pursue a policy of consulting with all Panel members on the grant proposal and incorporating it into the research to improve the research.

Appendix 3: Monitoring of Implementation of Funded Project and Project Management

MONITORING OF IMPLEMENTATION OF FUNDED PROJECTS AND PROJECT MANAGEMENT

1. MRG funding

When notifying about award of grant for a research project, the notification, which includes the amount of funding and special conditions related to funding if there are, the start and end dates of the project, a breakdown of the approved budget, and recommendations for minor revisions to the project will be sent to the Principle Investigator by e-mail. The start and end date of the project shall be set on the date closest to the start of funding within the period specified in the guidelines.

2. Changes and extensions of project duration

a) Cost-effective extension

If an extension is required to complete the project and write a sufficient report, the project completion date may be extended once for up to 6 months. As this extension is not an extension to complete unspent project financing, no financial transactions will be made during the extension period. The Principle investigator shall notify the Secretary of MRG the reasons for the extension in writing at least 10 days prior to the project completion date.

b) An extension approved by the IC and MRG working group

If the project is delayed due to valid reasons and it is necessary to extend the deadline to achieve the project results, the reasons must be notified to the working group of IC and MRG at least 45 days in advance, the project extension request must be e-mailed to extend the project completion date up to 6 months. Spending the remaining unspent funds on the project is not a basis for extension.

3. Responsibilities of the funded project

- The funded project team is responsible for performing the research scope, objectives, results and research-related activities specified in the approved project in a highly professional manner. The project will be implemented according to the plan, on time and in accordance with the terms of funding. To this end, the project team shall adhere to the rules and operation guides of MUST to review and approve expenditure requests related to each activity and to monitor the expenditure of approved funding. The financial monitoring of MUST is the process of ensuring that the proposed project costs are acceptable, that the activities are in line with the terms of the MRG funding, and that the resources are used properly.
- Although the project team and MUST are responsible for overseeing and implementing the project, the secretaries and principle investigators of the MRG will be in constant contact to keep abreast of the progress of the project.
- Through its representative, Working group of IC and MRG has the right to visit the project site at any time to meet with the project team and, if necessary, provide

technical advice on the progress of the project. The Representative shall be provided with full capacity to review the project progress.

4. Requests of funded project

If necessary, the following requests and changes from the research project will be communicated to the working group of IC and MRG. All notices will be signed by the Principle investigator and sent in a pdf file by e-mail to working group of MRG.

- a. Cost-effective extension
- b. Significant changes in research methodologies and procedures
- c. Significant changes, delays and unplanned activities

Requesting and negotiating significant and minor changes in research project management, research methodology, and human resources

1. Changes in project management

- a. Significant changes in research methodology and procedures

If principle investigator and co-investigators come up with interesting and important ideas that were not reflected in the original grant proposal, or if a methodology emerges that is more effective in achieving the project research results, the investigators are encouraged to change the project. Freedom to do so is encouraged by the MRG. Such major changes will be communicated to the MRG secretary in writing by e-mail and approved by the Working Group of MRG.

- b. Major changes, project delays, and unplanned activities.

In the event that the research project is not on schedule or the project objectives are not met due to problems, delays, or complex circumstances, Working group of IC and MRG will be notified via e-mail by the principle investigator explaining the reasons. If an unplanned work situation arises during the project, it will be notified immediately and a statement with evidence of the situation will be e-mailed to the Working group of IC and MRG.

2. Changes in projected person/months of principle investigator and co-investigators

The decision to fund the project was based on the knowledge, skills, and experience of the principle investigator and the co-investigators, who were assigned with completing the project.

If (i) the principle investigator or the co-investigator decides to spend less time than planned, or (ii) the principle investigator's employment contract with MUST expires, or (iii) if it is deemed necessary to hire a new principle investigator or a co-investigator for the funded project to actively manage the project, the relevant official of MUST will take appropriate measures in accordance with the guidelines.

- a. Principle investigators and co-investigators not conducting project research for long periods of time

(i) If a principle or co-investigator temporarily takes a leave from the research project for more than three months (e.g., paid or unpaid leave) but decides to return, he / she shall, within 30 days, submit an official letter to the Working group of IC and MRG on how to alternatively arrange the project

management. If the rationale and substitute arrangements are in accordance with the procedures, written approval will be provided, but no changes will be made to the project documentation. If the request is not met, funding will be terminated.

b. Changes in the projected man months

If the principle investigator and co-investigator spends much less time than stated in the grant proposal (reducing the time by 25% or more according to the funding conditions), it will be discussed with the relevant project specialist of MUST. Applications for person/month's changes must be signed and submitted 30 days in advance by e-mail. If MUST and the Working group of the IC and MRG believe that changes in human resources will adversely affect the implementation of the project, the following decisions will be made in consultation with the Working group of IC and MRG and the Project Steering Committee:

- Recommend another principal investigator / co-investigator who meets the requirements of the Working group of IC and MRG
- Initiate the project termination procedure
- Agree to make appropriate changes to the grant amount

c. Adding a principle investigator or co-investigator to the project

If the funded project wishes to hire an investigator in addition to the existing principle investigator and co-investigators, please send an official request providing the rationale via e-mail. Relevant information of the new investigator shall be attached to the request. If approved, the research project documentation will be amended.

d. Terminating principle investigator or co-investigators from the project

If the principle investigator/co-investigator of the project is no longer working at MUST or is unable to manage the project, the university research project representative will send an official request to the Working group of IC and MRG via email within 30 days. Transfer of funds specified by the project will be made.

e. Selection of substitute for principle investigator and co-investigator

If there is a need to select a substitute for principle investigator and co-investigator, a formal request signed by MUST project specialist will send a signed official request by e-mail to the Working group of IC and MRG. The request shall include the name, CV, telephone number, address, current and pending research projects, and grounds for substitution. If the Working group of IC and MRG approves the request, changes will be made to the project documentation. If not approved, the project will be terminated and the funding will be returned.

Reporting and monitoring

Reporting requirements

The Working group of IC and MRG will request a report from all research projects, and will compile the report on the Partnership project and the OT activity report on how the funding for research and development was spent. In accordance with the project action plan, a progress and final report will be written and sent to the The Working group of IC and MRG by e-mail within the specified time.

Project progress report: The progress of the project will be reported every 6 months and the work done during the reporting period will be reported along with the disbursement of funds. The report should be submitted at least 45 days before the end of the current funded budget and the next funding should be received on time. The report will be sent to the MRG Secretary by official e-mail, the Working Group of IC and MRG will review the report, and the Working Group of IC and MRG will decide whether to provide further funding. Reports shall be submitted less than 45 days prior to the end of the current funding period will be considered late and subsequent project funding will be delayed.

Final project report: The final project report reports only the activities performed during the reporting period, not the total project period. As a final report, it should report on how the project's expected results have been met and what the impact has been. The principle investigator will notify that the research and the activities have been completed, that there are no further deficiencies, that payments have been completed, and that a final report will be submitted. Unless otherwise specified, the final report will be sent to the the Working Group of IC and MRG by official email within 60 days of the project deadline.

Project report for public: This report is a summary of the project and reports the purpose, results, significance, and impact of the project in simple language that can be understood by non-professionals. Published publications, data, and training materials from the project survey will be posted on the website by the the Working Group of IC and MRG. The report does not include confidential information, patents, unverified research data, or personal information. The public report will be submitted within 60 days of the project deadline.

Data storage

Financial documents, project documents, statistics, and all information related to the MRG shall be retained for a period of three years from the date of completion of the project.

Criteria for evaluating progress and performance reports

Academic Council of MUST and Working Group of IC and MRG will evaluate the progress report of the ongoing project in accordance with the general evaluation criteria, and the Subject Review Panel will evaluate the final report of the completed project. The Panel may have its own special criteria.

Ongoing project report will be evaluated based on the following principles:

- a. Research should be conducted within the initial objectives of the research project and the objectives that have been later improved and approved;
- b. Whether the implementation of the research project reached its objectives within the reporting period;
- c. Whether research products have emerged from the funded project; if included in the main body of the research, the research published at the beginning of the project may be included. The members of the Panel will review the report from various standpoints.

Completed reports will be evaluated based on the following principles.

The method of evaluating the report has to be analyzed in various standpoints based on the following broad criteria:

- a. Whether the research objectives have been met;
- b. Whether the research results have been disseminated to relevant parties and whether a dissemination plan was planned;

- c. Whether the graduate students were trained;
- d. Whether the research project was funded effectively, conducted on time, and well managed;
- e. Whether the research was highly effective during or will be after the project;
- f. Whether the research results will be the motivation for the further research;
- g. Whether the research project addresses the issues of its relative location and solves them;
- h. Whether it is significant enough to attract public attention.

On the evaluation sheet, the members of the Panel shall write their comments on the results of the project and the evaluation results. Comments should contain sufficient information to explain the results of the evaluation. The Principle investigator's response to the evaluation results and the evaluators' comments will be discussed at the Steering Committee meeting.