International ESIA for an Integrated Renewable Energy Project

180MW Wind Power and Battery Energy Storage System, Tsogttsetsii soum, Mongolia

Chapter 2 Policy, Legal & Administrative Framework

PREPARED FOR

Net Zero Energy LLC
MCS and URECA

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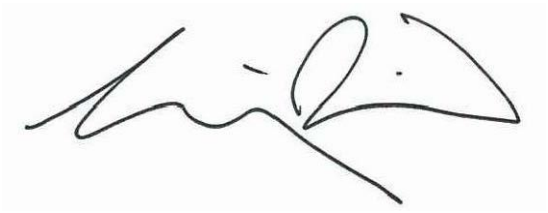
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Craig A. Reid
Partner

ERM-Hong Kong, Limited
2507 One Harbourfront
18 Tak Fung Street
Hong Kong
Tel: +852 2271 3000
Fax: +852 3015 8052

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ACRONYMS AND ABBREVIATIONS

Acronyms	Description
AADT	Annual Average Daily Traffic
[redacted]	[redacted]
AIS	Air Insulated Switchgear
ALARP	As Low As Reasonably Practicable
AoI	Area of Influence
APLIC	Avian Powerline Interaction Committee
BESS	Battery Energy Storage System
BMP	Biodiversity Management Plan
BOD	biochemical oxygen demand
CAF	Central Asian Flyway
CAQMP	Construction Air Quality Management Plan
CCRA	Climate Change Risk Assessment
CD	Community Development
CH	Critical Habitat
CHA	Critical Habitat Assessment
CIA	Cumulative Impact Assessment
CIP	Climate Impact Platform
CITES	Convention on International Trade in Endangered Species

Acronyms	Description
CLO	Community Liaison Officer
CMIP6	Coupled Model Intercomparison Project Phase 6
CMS	Conservation of Migratory Species of Wild Animals
CO	Carbon monoxide
COD	chemical oxygen demand
CR	critically endangered
CRM	Citizen's Representative Meeting
CRM	Collision Risk Model
CSMP	Cold Stress Management Plan
DEIA	Detailed Environmental Impact Assessment
DFID	International Development
DSF	Development Support Fund
E&S	Environmental and Social
EAAA	Ecologically Appropriate Area of Analysis
EAAF	East Asian-Australasian Flyway
EBRD	European Bank for Reconstruction and Development
EC	Electrical Conductivity
EEO	Extent of Occurrence
EHS	Environment, Health and Safety
EIA	Environmental Impact Assessment
EN	Endangered
EPC	Engineering Procurement and Construction
EPRP	Emergency Preparedness and Response Plan
ERM	ERM-Hong Kong, Limited
ESA	European Space Agency
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environment and Social Management System
ETI	Ethical Trading Initiative
FERP	Flood Emergency Response Plan
FFDI	Arthur Forest Fire Danger Index
FGD	focus group discussion
FPIC	Free, Prior and Informed Consent

Acronyms	Description
GBV	Gender-based violence
GCD	Global Climate Database
GHG	Green House Gas
GIIP	good international industry practice
GIS	Geographic Information System
GM	grievance mechanism
GPN	This Good Practice Note
GRM	Grievance Redress Mechanism
HCO	Bicarbonate
HSEQ	Health, Safety, Environment, and Quality
HSMP	Heat Stress Management Plan
HSS	Health, Safety and Security
HSSE	Health, Safety, Security and Environment
HVAC	Heating, Ventilation, and Air Conditioning
IA	Impact Assessment
IAQM	Institute of Air Quality Management
IBA	Important Bird and Biodiversity Areas
IBAT	Integrated Biodiversity Assessment Tool
IFC	International Finance Corporation
ILO	International Labour Organisation
IMAR	Inner Mongolia Autonomous Region
IPA	Important Plant Areas
ISMP	Invasive Species Management Plan
IUCN	International Union for Conservation of Nature
KBA	Key Biodiversity Areas
KII	Key Informant Interview
LC	Least Concern
LiDAR	Light Detection and Ranging
LLC	Limited Liability Company
LO	Land Officer
LRP	Livelihood Restoration Plan
LRP	Livelihood Restoration Plan
LVIA	Landscape & Visual Impact Assessment

Acronyms	Description
MCS	Mongolian Consulting Service
MECC	Ministry of Environment and Climate Change
MNS	Mongolian National Standard
MRIA	Mongolian Renewables Industries Association
MRL	Mongolian Red List
MSDS	Material Safety Data Sheet
MW	Mega Watt
MWEA	Mongolian Wind Energy Association
NASA	National Aeronautic Space Administration
NDC	Nationally Determined Contributions
NDC	National Dispatching Centre
NE	not evaluated
NGO	Non-governmental Organization
NH4+	Ammonium
NO2	Nitrogen dioxide
NO2-	Nitrite
NO3-	Nitrate
NOAA	Atmospheric Association
NPTG	National Power Transmission Grid Company
NPTG	National Power Transmission Grid Company
NREC	The National Renewable Energy Centre
NSR	Noise sensitive receiver
NT	Near threatened
NZE	Net Zero Energy LLC
O&M	Operation and Maintenance
OHL	Overhead Transmission Line
OHS	Occupational Health and Safety
OT	Oyu Tolgoi
PA	protected area
PAD	project affected districts
PAPs	Project Affected Persons
PI, mg/L	Phosphate
PM	Particulate matter

Acronyms	Description
POP	persistent organic pollutants
PPA	Power Purchase Agreement
PPE	Personal protective equipment
PS	Performance Standards
RAP	Resettlement Action Plan
RCIA	Rapid Cumulative Impact Assessment
RCS	Real Case Scenario
RILI	rainfall-induced landslide index
RoW	Right of Way
SCADA	Supervisory Control and Data Acquisition
SNH	Scottish Natural Heritage
SO	Social Officer
SO2	Sulphur dioxide
SO4	Sulphate
SPA	Strictly Protected Area
SRTM	Shuttle Radar Topography Mission
STE	Serrated Trailed Edge
TDS	Total Dissolved Solids
TIP	Trafficking in Persons
TL	Transmission Line
TNC	The Nature Conservancy
TOR	Terms of Reference
UNEP	United Nations Environmental Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States dollars
UV	Ultra-violet
VEC	Valued Environmental and Social Components
VP	Vantage Point
VU	Vulnerable
WBG	World Bank Group
WBGT	Wet Bulb Globe Temperature
WCS	Worst Case Scenario
WCS	Wildlife Conservation Society

Acronyms	Description
WHO	World Health Organisation
WPF	Wind Power Farm
WPFW	West Pacific Flyway
WRI	World Resource Institute
WSDI	Warm spell duration index
WTG	Wind Turbine Generator
WWF	World Wide Fund for Nature

2. POLICY, LEGAL & ADMINISTRATIVE FRAMEWORK

2.1 OVERVIEW

The regulatory framework that applies to the Project comprises national legislation, company-specific policies, and guidelines, as well as international standards and guidelines, given the involvement of international lenders. These additional international standards and guidelines will be adhered to throughout the planning, development, construction, operation and decommissioning activities. This Chapter provides summaries of applicable national and international legal requirements to the Project.

2.2 NATIONAL ADMINISTRATIVE REQUIREMENTS

2.2.1 REGULATORY BACKGROUND

2.2.1.1 CONSTITUTION, 1992

The Constitution of Mongolia (1992) stipulates that the land, subsoil, forests, water, wildlife, plants, and other natural resources of Mongolia shall be under the exclusive control of the people and the protection of the state. Mongolia's civil rights and freedoms are proclaimed, including the right to "live in a healthy and safe environment and to be protected from environmental pollution and disturbance".

2.2.1.2 CONCEPT OF SUSTAINABLE DEVELOPMENT OF MONGOLIA 2030

The Concept of Sustainable Development of Mongolia 2030 was approved in 2016 by the 19th Resolution of the Parliament of Mongolia. One of the main goals of this policy is to increase the contribution of renewable energy to the total energy production and to make Mongolia’s infrastructure ready to support the use of new energy sources. The goal was to structure in three phases of incremental production of renewable energy:

- Phase I (2016-2020): 20% of renewable energy share
- Phase II (2021-2025): 25% of renewable energy share
- Phase III (2026-2030): 30% of renewable energy share

Furthermore, the chapter in the policy dedicated to Climate Change Adaptation proposes to introduce advanced environmentally friendly technologies to reduce carbon emissions in energy production and consumption.

2.2.1.3 STATE POLICY ON ENERGY, 2015

The State Policy on Energy was approved by Resolution No. 63 of the Mongolian Parliament, on 19 June 2015. The policy document outlines measures to work with countries in the region to implement the Gobitek-Asia Integrated Network initiative, to increase renewable energy production and export electricity to Northeast Asia as a priority to promote environmental sustainability and green growth. It also aims to increase the share of renewable energy in installed energy capacity to 20%, in 2020, and 30% in 2030; create a favourable legal and tax environment to increase investment in renewable energy; and establish a financing mechanism to support renewable energy production.

As for compliance with state policy documents on energy sector, the Project meets its goals as specified in the State Policy on Energy.

2.2.1.4 NEW REVIVAL POLICY, 2021

The New Revival Policy (also translated as New Recovery Policy) was approved by the Mongolian Parliament on 31 December 2021. It is a mid-term economic policy aimed at revitalising country's economy following the global pandemic, over the next ten years, on the path to achieve 'Vision 2050' long term policy goals. The policy focused on six interrelated areas to promote Mongolia's economic resilience and growth: energy recovery; border ports recovery; industrial recovery; urban and rural recovery; green development recovery; and public sector efficiency. The Energy Revival strategy aims to integrate Mongolia into regional energy networks and reduce the country's reliance on energy imports. To achieve the policy goals, the New Revival Policy aims to accelerate public-private partnerships, create a more favourable business environment, improve the environment for foreign and domestic investment, as well as implement fiscal reforms.

2.2.1.5 LAW ON ENERGY, 2001

The Law on Energy issued in 2001, regulates the production, transmission, distribution, dispatching and supply of energy. This law also established the Energy Regulatory Authority.

In accordance with the amendments to the Law on Energy passed by the Parliament on 9 December 2011 and the Government Resolution No. 49 of 15 February 2012, the Energy Regulatory Authority was reorganized into the Energy Regulatory Commission. According to the law, the Energy Regulatory Commission is responsible for regulating the production, transmission, distribution, dispatching and supply of energy.

2.2.2 ENVIRONMENTAL LEGISLATION

NZE must abide by Mongolian laws relating to environmental protection and sustainable use during the implementation and operation of the Project. The applicable laws are listed and described below:

2.2.2.1 LAW ON ENVIRONMENTAL PROTECTION, 1995

The purpose of this law is to regulate the relations between the State, citizens, business entities and organisations in order to ensure the human right to live in a healthy and safe environment with ecologically balanced social and economic development, appropriate use of natural resources and the protection of the environment for present and future generations is protected and maintained.

The law enforces a responsibility mechanism upon which parties that are found guilty of causing negative environmental impacts in disregard of their duties are liable to compensate for said impact as well to pay for the cost of restoration.

With regards to ownership of natural resources and environmental protection, business entities and organizations may use natural resources upon the payment and collection of relevant fees in accordance with any contract, special permit, or license (Article 6.2).

Environmental audits shall be conducted every two years and the economic entity (i.e., NZE) shall implement recommended measures in environment audit report and shall submit the report about its implementation to province Environment Agency within the term stated in audit report (Article 10.1).

Duties of economic entity on environmental protection and use of natural resources:

- In order to ensure healthy and safe environment for population and environmental protection, economic entity shall comply with relevant standards parameters of toxic and hazardous substance content emitted and level of negative impact on environment as stated in Article 20.1.7 of this law, and if they exceed established limits, they should rectify damage caused to the environment at their own expense (Article 20.3);
- Wastes generated during construction and operation of the Project will be disposed at definite sites approved by the governor of Tsogttsetsii Soum (Article 17.2.6) and in accordance with approved method (Article 21.3.1) and wastes should be classified at its source and collected in designated containers and transported by specially equipped transport means (Article 21.3.2); and
- Economic entity shall implement measures to restore, maintain and enhance the land and environment if natural resources are used (Article 25.1).

The economic entity shall have duties in respect to environmental and natural resource protection during construction and operation of the Project including complying with environmental standards, limits, legislation, and procedures and to supervise their implementation within their internal organization (Article 31.2). The economic entity shall also keep records on toxic substances, adverse impacts and wastes discharged into the environment while engaged in production or services and to write reports and collect data on the measures taken to reduce or eliminate toxic chemicals, adverse impacts and wastes and to submit the data to the relevant organization (Article 31.3). The economic entity should include and implement in their annual budget the amounts necessary to mitigate negative impacts and to protect the environment (Article 31.4). The economic entity should keep the ecological passport of the area in accordance with National Standard MNS 4219:1994 (Environmental protection. Ecological passport of the economic entity. General rule) as per requirement of Article 31.6 of this Law.

The economic entity has the obligation of submitting its data on environment to the national environmental database without fee, which it has collected during construction and operation of the Project (Article 44.3).

With regards to compensation for environmental damage, the economic entity shall compensate in case they inflict damages on fauna, flora and soil during construction and operation of the Project (Article 49.1) and the amount of compensation is estimated based on ecological-economic assessment of the specific type of natural resource (Article 49.4). This environmental damage assessment is conducted in accordance with "Guideline on calculating environmental damage and compensation" (approved in accordance with Order issued on 27 May 2010 by Minister of Nature Environment and Tourism) (Article 49.5). The cost for the estimation of this damage is the responsibility of the economic entity requiting it (Article 49.1) and allocated compensation is paid to Environmental Protection Fund (Article 49.1).

Related guidelines:

- Guideline on calculating environmental damage and compensation (approved in accordance with Order issued on 27 May 2010 by the Minister of Nature Environment and Tourism (now Ministry of Environment and Climate Change). The economic entity should estimate damage on each of the environmental components of soil underground water reserve, natural plant resource and fauna due to Project in accordance with this guideline; and
- General methodology on conducting environmental audit, 2019 (annex 2 to Order A/809 by the Minister of Environment and Climate Change) The economic entity should regularly conduct an internal environmental audit in accordance with this guideline. Internal audit is conducted for the purpose of monitoring the state of the management and to check whether the entity is performing up to the criteria established.

2.2.2.2 LAW ON WATER, 2012

The Law on Water (2012) established a permit for water usage is required before the implementation of the Project.

The Project construction and operation water need should be estimated in accordance with the requirement stated in Annex 14 to the Order A/301 of the Minister of Environment, Green Development and Tourism, and the amount necessary of water per day per employee is estimated by law as 80 litres. Construction phase water demand should also be calculated, and water use permit obtained before the commencement of construction.

2.2.2.3 LAW ON LAND[1], 2002

The purpose of this law is to regulate the land possession, use and other related relations by citizens, business entities and organizations. A land possessor shall have the following obligations in accordance with this law. These include:

- Business entities and organizations possessing land shall pay land fees in accordance with relevant laws and agreements;
- Responsible for maintaining the condition and quality of land at its own expense;
- Rehabilitate and landscape disturbed land due to excavation activities at its own expenses;
- The condition and quality of the land possessed shall be inspected by a licensed organization once every five years at the Project Proponent's own expense and a conclusion shall be issued;
- Comply with the terms of the Land Possession Agreement;
- Comply with the requirements of the legislation on efficient and rational use and protection of land, environmental protection and the general requirements set by the state authorities in connection with land use; and
- Land fees shall be paid within the timeframe imposed by the relevant land office.

[1] The sub-chapter is only applicable for possession rights, which is what the Project has received by the state.

Relevant regulations:

- Regulation on granting land possession and land possession certificate (Annex to Order No. 83 issued by the Director of Administration of Land Affairs, Geodesy and Cartography in 2008).

This regulation establishes the processes for receiving, registering, reviewing land use and possession application by citizen and economic entity, as well as developing decision on land use and possession, its approval and granting of land, possession certificate, signing land possession agreement and registration to the national land use database.

In accordance with the regulation, the following process will be followed by the applicant when obtaining land possession certificate:

1. Land possession application will be submitted to relevant authority for review;
2. Based on this review, the soum governor will produce decision draft and inform the applicant; and
3. Once the decision is made, land perimeter will be signed, and coordinates will be determined after which the land possession will be signed, and a certificate will be granted. In addition, the state of the land and quality assurance conclusion will be produced (Article 2 of the regulation).

- Regulation on conducting assessment of state of the land and quality assurance (Annex 1 to Government Decree No. 28 issued in 2003).

The regulation is applied when conducting a land quality and state of the land assessment in: a land to be owned by a Mongolian citizen; land to be used by a foreign country, international organization, foreign economic entity and foreign invested organization, foreign citizen and person with no citizenship; and a land which is already under the use of the applicant; and rest of the state-owned land under nobody's ownership, possession or use.

In accordance with this regulation, scheduled land quality assurance assessment shall be done once every five years in all types of land (Article 1.2) and at the expiration of the land use permit (Article 1.3). When conducting the land quality assurance assessment, the land possessor or the requester of such service must be present (Article 5.27). The cost for conducting the land quality assurance assessment for the land used by an economic entity shall be covered by the land user (Article 8.38.2).

2.2.2.4 LAW ON LAND FEE, 1997

The purpose of the Law on Land Fee (1997) is to regulate fees for citizens, economic entities and organizations for possessing and using state-owned land and procedures to pay the fee.

In accordance with Article 3 of the law, NZE is subject to a land possession fee. Basic value, land use purpose and area of the licensed areas is taken into account when estimating land use.

Land possession fee for the Project will use hectares as units for the fee estimation (Article 6.1.3) and the amount of the fee is estimated as 0.01-0.03% of the basic value of the land (Article 7.1.5).

Land possessor shall pay, unless stated otherwise in the contracts, the fee by the 20th of the first month of each quarter dividing the annual land fee into equal amounts and may pay the next quarter instalments in advance (Article 10.5).

Relevant regulation:

- Decree No. 152 of the Government of Mongolia on various measures on implementation of Law on Land Fee, 1997 (Assessment regions of the total land of Mongolia); and
- Resolution No. 4/6 Determining the Boundaries, Coefficients, and Fees of the Land Payment Zone of Umnugobi Province, dated 2nd December 2021, by the Umnugobi province Citizens' Representatives Meeting.

2.2.2.5 LAW ON SOIL PROTECTION AND PREVENTION FROM DESERTIFICATION, 2012

The purpose of the Law on Soil Protection and Prevention from Desertification (2012) is to regulate the relations linked to protection from soil degradation, rehabilitation and prevention from desertification.

The law establishes the following measures to implement in order to prevent and mitigate impacts on soil:

- The category of the state of soil degradation and desertification should be determined, and appropriate measures should be taken;
- Waste generated from the project activities should only be disposed at the approved disposal site (Article 7.2.1);
- No less than 10% of the tenure land should be planted with trees and grasses (Article 7.2.4);
- Vehicle road and parking lot area should be defined, and transport means should not create traffic in other places other than these designated areas (Article 7.2.5); and
- If the project operations/activities have led to soil degradation, the responsible for the Project shall pay for the cost of estimating the amount of damages imposed (Article 11.4) and it has duty of eliminating and rehabilitating these damages (Article 9.3).

2.2.2.6 LAW ON NATURAL PLANT, 1995

The purpose of this law is to regulate the relations related to the protection, rational use and rehabilitation of plants other than forests and cultivated plants.

Plants are classified according to their resources and regenerative capacity as follows (Article 3.2):

- Endangered;
- Rare; and
- Common.

Endangered plants include plants that are not able to regenerate naturally, have a very limited distribution, no resources to use, and are in danger of extinction (as set out in the Annex "List of Extremely Rare Plants Species" to this law) (Article 3.3).

Rare plants include plants with limited natural regenerative capacity, limited distribution and resources, and near threatened species. The list of rare plants is approved by the Government (Article 3.4).

Plants other than those specified in Articles 3.3 and 3.4 of this law shall be considered as common.

Citizens, business entities and organizations shall hand over the land used for industrial purposes to the soum or district governor after creating conditions for rehabilitation or rehabilitation with their own funds in accordance with relevant regulation (Article 9).

2.2.2.7 LAW ON FAUNA, 2012

The purpose of the Law on Fauna is to regulate the protection and breeding of animals and the proper use of fauna resource.

In addition, if a damage on fauna is recorded, the amount of compensation is estimated by multiplying twice the ecological-economic intrinsic value of the fauna, which is defined the Government (Article 37.2).

2.2.2.8 LAW ON AIR, 2012

The purpose of the Law on Air (2012) is to regulate ambient air quality protection, prevention from pollution, minimization of air pollutant emission and monitoring.

The following requirements should be followed during the construction and implementation of the Project:

- To comply with the air quality protection regulations, procedures, and standards and limit the emission of air pollutants (Article 9.1.2) (relevant air quality standards are described in detail in standard requirement section); and
- To run internal monitoring in accordance with the Project environmental monitoring action plans as contained in the DEIA report (Article 9.1.4) and present internal monitoring and other relevant reports (Article 9.1.5) on air pollution sources to Umnugobi Province specialized inspection agency (Article 12.4).

In the event of a discharge of air polluting substances by a stationary source where the negative physical impacts prove to be greater than the established limits, the authority may limit or suspend the activities and restrict the air pollution emission source (Articles 20.2 to 20.3). Also, it is prohibited to throw or burn waste in public spaces or in places other than specifically designated areas or to carry out other activities that do not meet standard requirements of waste disposal (Article 20.6).

Relevant legislation document:

- Amount of air quality monitoring service fee and cost (Annex to Order No. A-342 by the Minister of Environment and Climate Change issued on 10 October 2011).

This order states the service cost for monitoring air pollutant parameters and measurement methods for parameters such as SO_2, NO_2, CO, $PM_{2.5}$, and PM_{10} particulate matter in the air and heavy metal and cost for determining each of these are defined. Also, automatic analyser monitoring and measuring emission gas and cost for conducting monitoring on the gas emissions from the vehicle exhaust pipe are determined as well.

2.2.2.9 LAW ON AIR POLLUTION FEE, 2010

The purpose of the Law on Air Pollution Fee (2010) is to establish air pollution fees on air pollution generating party and payment process of those fees.

NZE may hire an Engineering Procurement and Construction company, which will use their own vehicles and machineries during construction and operation of the Project (Article 4.1.4) and use air pollution emitting sources (Article 4.1.6). Therefore, it is subject to air pollution fee. Air pollution fee is paid to Clean Air Fund (Article 5.6).

The amount of carbon gas generated per 1km of travel of automobile transport means and vehicles used in operation of NZE is calculated by grams and a pollution fee is imposed accordingly (Article 6.1.3).

Process of fee payment and amount of pollution fee: calculation of amount of fee for carbon gas emitted from equipment used for the company's operation is based on Article 7.3 of the law and large scale of vehicles in particular that belong E type transport means will be used for the Project construction. In such case more than 751 grams of carbon gas will be emitted per one (1) km of travel and the applicable pollution fee will amount a total of MNT 9,500 (Article 7.3). The pollution fee is paid once a year before June 1st to the local tax office (Article 9.3). Payment of such tax is responsibility of the vehicle owner.

2.2.2.10 LAW ON WASTE, 2017

The purpose of the Law on Waste (2017) is to regulate waste minimization, classification, collection, transportation, storage, recycling, re-use, disposal, export and import of waste and prohibition of transboundary transportation in order to ensure elimination and prevention of hazardous impacts on human health and environment.

The Project construction and operation activities may generate solid and liquid waste. Management of solid and liquid waste shall be implemented in accordance with the law requirements with minimal negative impact on environment, human, livestock, and wildlife. These measures shall include re-use, disposal, and avoidance of unnecessary generation of waste.

Collection and transport of generated waste shall be performed by specially equipped purpose-fit means that ensure safety requirements and prevent leakages of liquids or gases (Article 14 and 24).

2.2.2.11 LAW ON ENVIRONMENTAL IMPACT ASSESSMENT, 2012

The purpose of the Law on Environmental Impact Assessment (2012) is to regulate the implementation of Article 16.2 of Constitution of Mongolia, environmental protection, prevention from environmental imbalance due to human activities, exploiting natural resource with minimal negative impact on environment, assessing environmental impacts of any regional and sectorial policy, development programs, plans and projects, process of making conclusion and decision and stakeholder relations.

Environmental Impact Assessment

In accordance with the law, the Project Proponent is responsible for conducting an environment baseline assessment prior to implementation of the project activity via a licensed

organization (Articles 6.1, 6.2). The project implementer shall submit the relevant documents to the state central administrative body in charge of nature and environment for screening (Article 7.3) and in case screening concludes that a DEIA is required, the assessment will be carried out by licensed organization (Article 7.4.3 and Article 8.2).

The draft DEIA report shall be submitted by the Project Proponent for review and official comments (Article 8.5). The costs of conducting the DEIA report is responsibility of the Project Proponent (Article 8.6). DEIA report shall be presented to the local community by the Project Proponent and the EIA consulting company (Article 10.5).

As per this law, the Project Proponent may select the consultant that was responsible for the preparation of the Environmental Baseline Assessment and DEIA (Article 13.1.2).

Environmental Management Plan

An Environmental Management Plan (EMP) shall be developed together with the DEIA (Articles 9.1, 9.2). Both will be reviewed by the body which performed the screening and, if approved, a project implementation permit will be granted (Article 9.3). The EMP is comprised of Environmental Protection Plan and Environmental Monitoring Program (Article 9.5).

According to the Environmental Impact Assessment Guideline No. A-117 issued on 10 April 2014 by the Ministry of Environment and Green Development, current Ministry Environment and Climate Change, on 10 April 2014, an EMP consists of:

1. Environmental Protection Plan; and
2. Environmental Monitoring Program.

The Environmental Protection Plan includes measures to reduce, avoid and rehabilitate direct and indirect adverse impacts identified in the DEIA as well as compensatory protection, timeframe for such implementations, and required capital expenditures. The Environmental Protection Plan is structured into six (6) components:

1. Adverse Impact Mitigation Action Plan (presented in Chapter 1.3.1);
2. Action Plan for Resettlement and Compensation (presented in Chapter 1.3.2);
3. Action Plan for the Protection of Historical and Cultural Heritage (presented in Chapter 1.3.3);
4. Rehabilitation and Landscaping Plan (presented in Chapter 1.3.5);
5. Accident and Risk Management Plan (presented in Chapter 1.3.4); and
6. Waste Management Plan (presented in Chapter 1.3.6).

An Environmental Monitoring Program is implemented throughout the course of the Project to ensure the effectiveness of the measures outlined in the Project's Environmental Protection Plan and to take additional actions as needed. The Environmental Monitoring Program defines the monitoring parameters to be reviewed for possible changes in the state of the surrounding environment as a result of the Project’s activities along with specifying the methods, standards, required funds, and costs for the samples, measurements, and analysis of the environment.

The Ministry of Environment and Climate Change shall receive the EMP performance report by NZE within December of each year and shall approve the annual EMP and the costs for the

implementation of the mitigation measures and monitoring programs (Article 9.8). Also, the Project Proponent shall place an environmental bond on an annual basis which accounts for 50% of the cost required for implementation of the annual EMP, in a special account for rehabilitation of the Environmental Protection account established by the governor of project implementation territory (Tsogttsetsii Soum of Umnugobi Province) and the implementation of the plan is reported annually (Article 9.9). The Project Proponent may have the environmental bond released based on the requirements of impact assessment and annual management plan implementation and with the decision from the body which conducted the EIA screening (Article 9.14). The bond releasing is regulated by the separate "regulation on controlling transactions of the special bank account for environmental protection and rehabilitation bond" (Article 9.15).

The Project Proponent has the duty of regularly reporting the implementation of the EMP to the relevant state central organization in charge of environment, local authority and local community (Article 14.1.2).

Related Rules and Regulations:

- Regulation on Environmental Impact Assessment (Annex 2 to Decree No. 374 approved by the Government of Mongolia issued in 2013).

In accordance with the regulation on the EIA, the state of the environment assessment shall be conducted in the initial project development phase in the project implementation area. Project Proponent shall submit a screening request for the Project in accordance with Article 3.1 of this regulation, compile all necessary documents and submit to those to the state central organization in charge of environment to obtain screening conclusion.

DEIA is conducted by the licensed organization based on the screening conclusion. This assessment report is comprised of an impact assessment study, mitigation and elimination measures for the impacts, technical and technological solution recommendations, and EMP. The DEIA report is reviewed by a specialized council meeting and Project Proponent's management and economic entity which developed the impact assessment shall participate in this meeting.

The council may reject the DEIA report and EMP if they determine that budget for the implementation of DEIA and EMP is not adequate, and it is necessary to carry out additional survey or if the Project can generate irreversible damages on environment and human health that cannot be compensated.

A working group for quality assurance of the environmental impact assessment shall be established by the state central organization in charge of environment including relevant specialists. The guidance shall comprise of quality assurance period, framework, methodology, etc., and the quality assurance conclusion can be discussed in the meeting with the participation of stakeholders and the EIA specialist council.

- Regulation on Development and Approval of the Environmental Management Plan (Order No. A/618 of the Minister of Environment and Green Development issued on 29 October 2019).

The purpose of this regulation is to regulate the relations of project implementing legal entities (hereinafter referred to as project implementers) related to fulfilling their legal obligations on

environmental protection, developing, reviewing, and reporting on the implementation of the annual EMP (Article 1.1).

The Project Proponent shall develop the annual EMP and submit it to the state central administrative body in charge of nature and environment or the province or capital city department in charge of nature and environment for review and approval (Article 1.3).

The annual EMP is the main environmental document that authorizes the commencement and the continuation of the Project (Article 1.4).

The EMP consists of the following stages and the Project Proponent shall follow:

1. Developing annual EMP;
2. Reviewing and approving the annual EMP;
3. Reporting the implementation of the annual EMP; and
4. Entering the EMP and its implementation report into the electronic database.

- Regulation on ensuring public participation in EIA (Annex to the Order No. A-03 of the Minister of Environment and Green Development issued on 6 January 2014).

The main principle of the public participation is to:

- spread information in a transparent and accessible manner;
- to ensure the possibility for stakeholders to share information, discuss and cooperate amongst themselves;
- to take into account feedback of the stakeholders in developing a system for preventing, minimizing, eliminating and controlling the potential impacts of the Project and to correlate those with scientific model and numerical data; and
- to respect local traditional customs and rights.

In order to ensure general public participation in EIA process:

- Screening or general impact assessment: Local administrative organization shall make information on projects that is being locally implemented publicly available for view; and state central organization and local organization in charge of environment shall place information and data regarding environmental screening, community feedback and comments into environmental database;
- Scoping the detailed impact assessment: licensed impact assessment economic entity shall ensure the public participation in phases of environmental impact assessment process and in particular in stages of impact identification, predicting and assessing of the impacts during detailed impact assessment study;
- The Project Proponent shall describe in detail about the project description and potential positive and negative impacts along with the proposed mitigation measures to the affected communities and may produce documents required for ensuring the general public and local community (Article 2.6).

Duties of the Project Proponent in terms of ensuring public participation in the Project:

The licensed EIA economic entity is responsible for organizing public discussion of the assessment report and general public feedback summary amongst Bagh Citizens Meeting of

the project implementation territory, within 15 working days after developing the DEIA and EMP, together with Project Proponent (article 2.7).

Project Proponent, soum governor, Bagh Citizens Meeting and environment department province shall make sure that approved DEIA report is accessible and available for the general public to view (Article 2.11).

Project Proponent is responsible for ensuring public participation and organize an introduction meeting to the Project with the local community and general public at least once a year during development and implementation of the approved DEIA and EMP (Article 2.12).

It is stated in the law that the Project Proponent is responsible for covering the necessary costs for implementing measures on ensuring public participation in the DEIA process (Article 3.1).

2.2.2.12 LAW ON CULTURAL HERITAGE PROTECTION, 2014

The purpose of the Law on Cultural Heritage (2014) is to regulate relations on searching, registering, and studying cultural heritage and determining its category, assessing, preserving, protecting, restoring, inheriting, owning, possessing, using and raising awareness of those.

The following activities, mentioned in Article 38 "Prohibited activities related to protection of cultural heritage", that may cause damage to cultural heritage are prohibited:

- To build infrastructure facilities in the buffer zone of historical and cultural monuments, to engage in mining, agriculture and production (Article 38.1.1.);
- To issue land for construction of towns and buildings, construction of new roads, allocation of agricultural lands, construction of hydropower plants, exploration and exploitation of minerals without prior exploration and research by paleontological, archaeological and ethnographic professional organizations (Article 38.1.2.);
- To transfer, store, transport and move movable historical and cultural monuments of public property to another organization or environment without the permission of the owner, except in cases provided by law (Article 38.1.3.);
- If the conclusion of paleontological, archaeological, ethnographic preliminary exploration and research work determines that there is a potential risk to cultural heritage, it shall be a ground to terminate economic activity (Article 38.2.); and
- If tangible cultural heritage is discovered during the possession and use of subsoil, the subsoil user shall stop its work and immediately notify the soum or district governor, police, and the organization in charge of the issue (Article 38.3.).

2.2.2.13 LAW ON NATURAL RESOURCE USE FEE (2012)

The purpose of this law is to impose natural resource use fees on citizens, business entities and organizations, centralize them and report the budget; to regulate relations related to determining the percentage and amount of funds to be spent on measures for environmental protection and rehabilitation of natural resources from the income from natural resource use fees.

A business entity is a payer for the natural resources use fees (Article 4.1). An official appointed by the soum governor shall submit the information on the business entity licensed to use natural resources to the relevant level tax authority within ten (10) days from the date

of issuing the permit. The tax administration shall register the payer, based on this information (Article 4.3).

The information specified in Article 4.3 of this law shall include necessary details such as name, address, state registration and registration number of the citizen, business entity or organization, location, period of use, and size and capacity of equipment (Article 4.4).

Water used for drinking; domestic and industrial purposes shall be subject to payment (Article 6.1.1). Water used for drinking, domestic and industrial, service and business purposes by citizens, business entities and organizations shall be measured in cubic meters (Article 10.1.2).

Percentages and amount of water use fee shall be determined in the unit of calculation indicator specified in Article 10.1 of this law (Article 15.1).

Natural resource use fees shall be paid to the local budget by the 10th of the following month, and the annual payment report shall be submitted to the relevant tax authority by the 10th of January of the following year for final calculation (Article 23.2).

2.2.2.14 LAW ON SUBSOIL, 1988

The purpose of the Mongolian Law on Subsoil (1988) is to regulate social relations related to the use and protection of the subsoil in the interests of present and future generations.

The subsoil is the space that extends below the ground and all the material objects that occupy it (all kinds of rocks, minerals, and other geological objects, as well as buildings).

Basic rights and obligations of subsoil users (Article 20):

> "*3) reliable protection of atmospheric air, land, forests, water, mineral springs, animals, other environmental objects, and structures from potential harmful effects of subsoil use, as well as preservation and protection of special protected areas, natural and historical and cultural monuments,*
>
> *4) to make the land disturbed during the subsoil use safe and rehabilitate it so that it can be used in the future and hand it over to the local administrative body that first issued the permit,*
>
> *5) to hand over precious metals, precious stones and scientific, historical, and cultural values to the state that were discovered during subsoil use*."

2.2.2.15 LAW ON SPECIAL PROTECTED AREAS, 1994

This law regulates areas under special protection, preservation and protection of natural landscape. The law provides for four categories of protected areas: i.e., Strictly Protected Areas, National Conservation Parks, Nature Reserves and Monuments. Nature Reserves are classified into four sub-categories, i.e., Ecological Reserves, Biological Reserves, Paleontological Reserves and Geological Reserves.

2.2.2.16 LAW ON BUFFER ZONES OF PROTECTED AREAS, 1995

The purpose of this law is to regulate the determination of Special Protected Area Buffer Zones and the activities therein. The law specifically provides for zones in two categories – Strictly Protected Areas and National Conservation Parks.

2.2.3 OVERVIEW OF THE EIA PROCESS IN MONGOLIA

In order to obtain the necessary approvals and permits required for the Project development to begin, a local regulatory EIA is to be developed in accordance with Mongolian National law, i.e., the *Mongolian Law on the Environmental Impact Assessment, Article 4.1, amended in 2012*. The key objective is to ensure that the Project is in compliance with the Mongolian EIA process, which is summarised in ***Figure 2-1***.

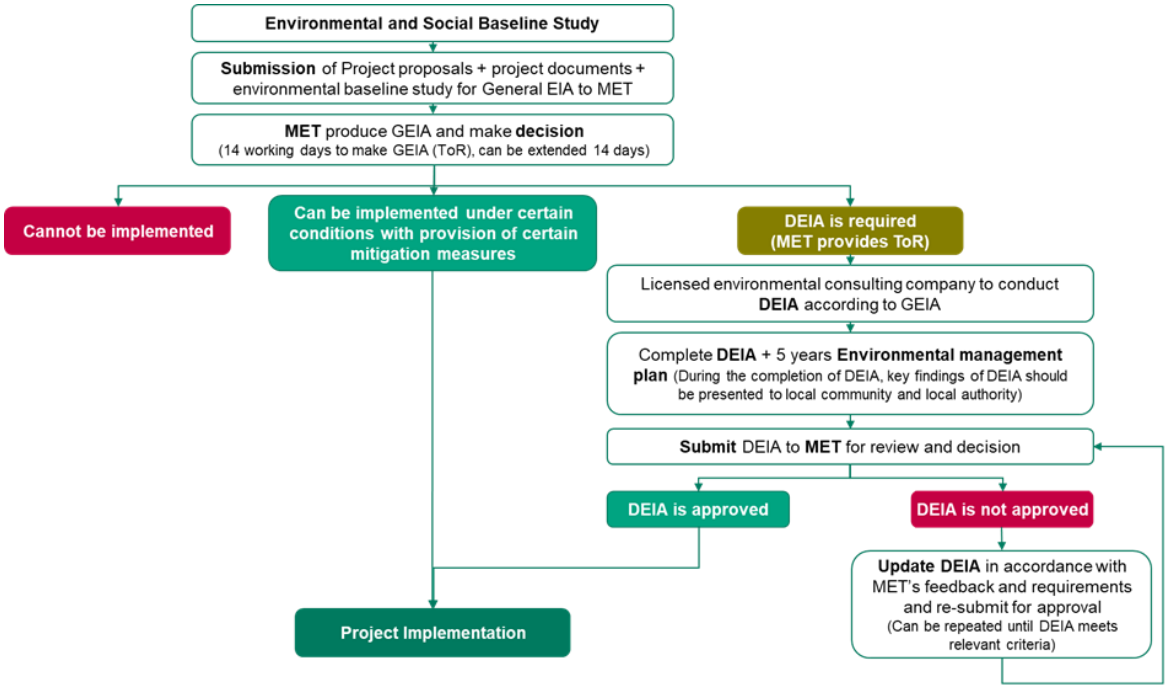


FIGURE 2-1: SUMMARY OF THE EIA PROCESS IN MONGOLIA

2.3 MONGOLIAN REGULATORY AUTHORITIES

The key ministries and authorities that have jurisdiction or are typically involved in the EIA process related to wind power projects in Mongolia, include the following:

- Ministry of Environment and Climate Change;
- Governor of the Province (aimag in Mongolian); and
- Local departments of state inspectors (e.g., Governor) in the soum within which the Project is located.

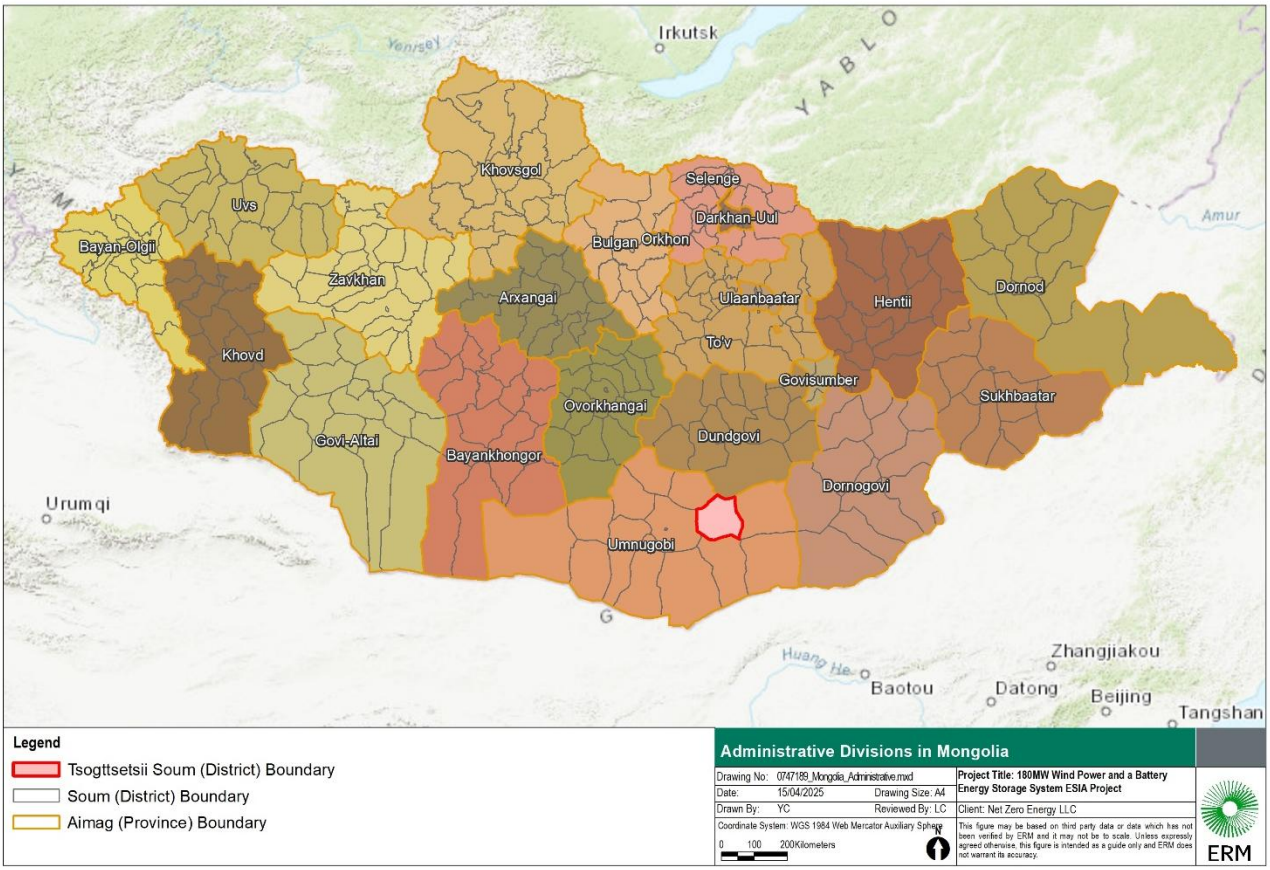


FIGURE 2-2: ADMINISTRATIVE DIVISIONS IN MONGOLIA

2.4 INTERNATIONAL REGULATORY FRAMEWORK

The applicable International Standards which will be applied to this Project are as follows.

2.4.1 IFC'S PERFORMANCE STANDARDS ON ENVIRONMENTAL AND SOCIAL SUSTAINABILITY (2012)

In April 2006, the IFC, a member of the World Bank Group, released a set of Performance Standards (PS) based upon the original World Bank Group Safeguard Policies, which recognised further the specific issues associated with private sector projects. The IFC PS have been broadened to include issues such as greenhouse gases, human rights, community health, and safety and security. A revised set of PS came into force on9January 2012. The complete list of IFC PS is provided in ***Figure 2-3*** and an overview of IFC PS is presented in ***Table 2-1.*** More details can be found on the IFC website[2].

[2]IFC website available at:

https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards

The Guidance Note of PS6 is the basis of the Critical Habitat Assessment for this project.



Source: IFC, 2019

FIGURE 2-3: IFC PERFORMANCE STANDARDS

TABLE 2-1: OVERVIEW OF IFC'S PERFORMANCE STANDARDS

Performance Standard	Description
Performance Standard 1 Assessment and Management of Environmental and Social Risks and Impacts.	• This PS underscores the importance of managing social and environmental performance throughout the life of a project (any business activity that is subject to assessment and management). ◦ Impact identification and assessment. To identify and assess social and environmental impacts, both adverse and beneficial, in the project's AoI. ◦ Mitigation. To avoid, or where avoidance is not possible, minimize, mitigate, or compensate for adverse impacts on workers, affected communities, and the environment. ◦ Stakeholder engagement. To ensure that affected communities are appropriately engaged on issues that could potentially affect them ◦ Effective management. To promote improved social and environmental performance of companies through the effective use of management systems.
Performance Standard 2 Labour and Working Conditions	• This PS recognizes that the pursuit of economic growth through employment creation and income generation should be balanced with protection for basic rights of workers. ◦ To promote fair treatment, non-discrimination and equal opportunity of workers, and compliance with national labour and employment laws. ◦ To establish, maintain and improve the worker management relationship. ◦ To promote compliance with national employment and labour laws. ◦ To protect the workforce by addressing child labour and forced labour. ◦ To promote safe and healthy working conditions, and to protect and promote the health of workers.
Performance Standard 3	• This PS recognizes that increased industrial activity and urbanization often generate increased levels of pollution to air,

Performance Standard	Description
Resource Efficiency and Pollution Prevention	water, and land that may threaten people and the environment at the local, regional, and global level. ◦ To avoid or minimise adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities. ◦ To promote more sustainable use of resources, including energy and water. ◦ To reduce project – related Green House Gas (GHG) emissions.
Performance Standard 4 Community Health, Safety and Security	• This PS recognizes that project activities, equipment, and infrastructure often bring benefits to communities including employment, services, and opportunities for economic development. ◦ To anticipate and avoid adverse impacts on the health and safety of the Affected Community during the project life from both routine and non-routine circumstances. ◦ To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities.
Performance Standard 5 Land Acquisition and Involuntary Resettlement	• This PS outlines that involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition ◦ To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs. ◦ To avoid forced eviction. ◦ To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected. ◦ To improve, or restore, the livelihoods and standards of living of displaced persons. ◦ To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites
Performance Standard 6 Biodiversity conservation and Sustainable Management of Living Resources	• This PS recognizes that protecting and conserving biodiversity - the variety of life in all its forms, including genetic, species and ecosystem diversity - and its ability to change and evolve, is fundamental to sustainable development. ◦ To protect and conserve biodiversity. ◦ To maintain the benefits from ecosystem services. ◦ To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.
Performance Standard 7 Indigenous Peoples	• This PS recognizes that Indigenous Peoples, as social groups with identities that are distinct from dominant groups in national societies, are often among the most marginalized and vulnerable segments of the population. ◦ To ensure that the development process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of Indigenous Peoples.

Performance Standard	Description
	° To anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not feasible, to minimize, mitigate, or compensate for such impacts, and to provide opportunities for development benefits, in a culturally appropriate manner. ° To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner. ° To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the life of the project. ° To ensure the Free, Prior and Informed Consent (FPIC) of the Affected Communities of the IPs when the circumstances described in this Performance Standard are present. ° To respect and preserve the culture, knowledge and practices of Indigenous Peoples.
Performance Standard 8 Cultural Heritage	• This PS recognizes the importance of cultural heritage for current and future generations. Requirements of this PS on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity. It requires the project proponent to comply with relevant national law on the protection of cultural heritage, including national law implementing the host country's obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage and other relevant international law. ° To ensure that project proponent protects cultural heritage in the course of their project activities. ° To protect the irreplaceable cultural heritage and guide project proponents on protecting and preserving cultural heritage in the course of their business operations. ° To promote the equitable sharing of benefits from the use of cultural heritage in business activities.

2.4.2 WORLD BANK GENERAL EHS GUIDELINES (2007)

Supplementing the IFC PS are the General EHS Guidelines that were released in April 2007. The EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP). They are categorised by environment, occupational and community health and safety, and construction and decommissioning. The General EHS Guidelines are designed to be used together with the relevant Industry Sector EHS Guidelines, which provide guidance to users on EHS issues within specific industry sectors.

2.4.2.1 WORLD BANK EHS GUIDELINES FOR WIND ENERGY (2015)

The EHS Guidelines for Wind Energy include information relevant to environmental, health, and safety aspects of onshore and offshore wind energy facilities. It should be applied to wind energy facilities from the earliest feasibility assessments, as well as from the time of the environmental impact assessment, and continue to be applied throughout the construction and operational phases.

2.4.2.2 WORLD BANK EHS GUIDELINES FOR ELECTRIC POWER TRANSMISSION AND DISTRIBUTION (2007)

The EHS Guidelines for Electric Power Transmission and Distribution include information relevant to power transmission between a generation facility and a substation located within an electricity grid, in addition to power distribution from a substation to consumers located in residential, commercial, and industrial areas.

2.4.3 GOOD PRACTICE HANDBOOK ON CUMULATIVE IMPACT ASSESSMENT AND MANAGEMENT: GUIDANCE FOR THE PRIVATE SECTOR IN EMERGING MARKETS, 2013

This Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets proposes a six-step process to assist private sector companies in emerging markets identify cumulative impacts and guide them in the effective design and implementation of measures to manage such cumulative effects.

2.4.4 IFC STAKEHOLDER ENGAGEMENT: A GOOD PRACTICE HANDBOOK FOR COMPANIES DOING BUSINESS IN EMERGING MARKETS, 2007

This handbook was issued by IFC to provide a comprehensive overview of good practice in stakeholder engagement, with a dedicated focus on stakeholder groups that are "external" to the core operation of the business, such as affected communities, local government authorities, non-governmental and other civil society organizations, local institutions and other interested or affected parties.

The handbook is divided into two parts:

- Part One contains they key concepts and principles of stakeholder engagement, the practices that are known to work, and the tools to support the delivery of effective stakeholder engagement; and
- Part Two shows how these principles, practices and tools fit with the different phases of the project cycle, from initial concept, through construction and operations, to divestment and/or decommissioning.

2.4.5 IFC GOOD PRACTICE NOTE: MANAGING CONTRACTORS' ENVIRONMENTAL AND SOCIAL PERFORMANCE, 2017

This Good Practice Note (GPN) issued by IFS aims at helping clients implement sound, consistent, and effective approaches, in compliance with IFC requirements, to manage the environmental and social (E&S) performance of their contractors, subcontractors, and other third parties working for the project. This GPN provides practical guidance to clients and contractors on the process of prequalification, solicitation, evaluation, contracting, and procurement to ensure adequate E&S management during construction, operation, and demobilization activities. Finally, it provides recommendations on how to manage project performance during the different phases of the services being provided by contractors (i.e., from mobilization to construction, operations, and maintenance) and how to monitor and report on contractor performance effectively.

2.4.6 IFC AND EBRD'S GUIDANCE NOTE ON WORKERS' ACCOMMODATION: PROCESSES AND STANDARDS

This guidance was issued by IFC and European Bank for Reconstruction and Development (EBRD) to provide specific and practical guidance on appropriate policies and standards related to workers' accommodation, which is required in IFC PS 2 and EBRD Performance Requirement 2.

The Guidance Note on Workers' Accommodation is organised in the following sections:

- Section I: Planning and assessing requirements for workers' accommodation. This section provides guidance on assessing the need for workers' accommodation, assessing potential impacts of workers' accommodation on communities, and types of workers' accommodation; and
- Section II: Standards for and management of workers' accommodation. This section provides instruction on standards applicable to a project, including national/ local standards as well as international standards and good practices on general living facilities; sanitary facilities; canteen, cooking and laundry facilities; and nutrition and food safety.

2.4.7 IFC GOOD PRACTICE HANDBOOK: USE OF SECURITY FORCES, 2017

The Good Practice Handbook on the Use of Security Forces: Assessing and Managing Risks and Impacts was developed for IFC clients and other private sector companies and their consultants. The handbook provides practical, project-level guidance for companies to better understand and implement the requirements outlined in Performance Standard 4. Chapters focus on risk assessment, managing private security, managing the relationship with public security, preparing a security management plan, and assessing allegations or incidents related to security personnel.

2.4.8 IFC ADDRESSING GRIEVANCES FROM PROJECT AFFECTED COMMUNITIES, 2009

This Good Practice Note (GPN) issued by IFC provides guidance for companies on the grievance management pillar of stakeholder engagement. It provides guidance on basic principles and general process steps that organizations from any sector and of any size should take into account when dealing with concerns and complaints from affected communities.

2.4.9 IFC HANDBOOK FOR PREPARING A RESETTLEMENT ACTION PLAN, 2002 AND GOOD PRACTICE HANDBOOK, LAND ACQUISITION, AND INVOLUNTARY RESETTLEMENT, 2023

The Handbook for Preparing a Resettlement Action Plan issued by IFC presents steps for best practice in the design, and implementation of resettlement action plans. The handbook outlines the policy, and principles of resettlement, stipulating these principles as follows: 1) involuntary resettlement should be avoided; 2) where involuntary resettlement is unavoidable, affected people should be compensated fully, and fairly for lost assets; 3) involuntary resettlement should be conceived as an opportunity to improve the livelihoods of the affected people, and, undertaken accordingly; and, 4) people affected by involuntary resettlement, should be consulted, and involved in resettlement planning, to ensure that mitigation, and benefits are appropriate and sustainable.

The Good Practice Handbook on Land Acquisition and Involuntary Resettlement issued by IFC outlines a framework and methodology for planning, collecting baseline data, implementing, monitoring and evaluating the entire resettlement and livelihood restoration process to achieve the objectives of IFC Performance Standard 5 on Land Acquisition and Involuntary Resettlement.

2.4.10 IFC GOOD PRACTICE NOTE: MANAGING RISKS ASSOCIATED WITH MODERN SLAVERY, 2018

The Good Practice Note on Managing Risks Associated with Modern Slavery was produced by Ergon Associates and Ethical Trading Initiative (ETI) with the assistance of the International Finance Corporation (IFC), CDC Group Plc, the European Bank for Reconstruction and Development (EBRD) and the UK Department for International Development (DFID). The GPN provides practical tools to support environmental and social due diligence, as well as monitoring processes that many investors and companies already have in place. It also aims to provide an understanding of why action is necessary, how to manage and address issues, and the need for cooperation with others.

2.4.11 IFC ADDRESSING GENDER-BASED VIOLENCE AND HARASSMENT: EMERGING GOOD PRACTICE FOR THE PRIVATE SECTOR, 2020

Addressing Gender-Based Violence and Harassment: Emerging Good Practice for the Private Sector Jointly was jointly commissioned by IFC, the European Bank for Reconstruction and Development (EBRD), and CDC Group. It outlines emerging practices in addressing gender-based violence and harassment (GBVH) in operations and investments.

2.4.12 UN VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS

Voluntary Principles on Security and Human Rights were created in 2000. The principles guide companies in conducting a comprehensive human rights risk assessment in their engagement with public and private security providers, to ensure human rights are respected.

2.4.13 EBRD ENVIRONMENTAL AND SOCIAL POLICY (2024)

In October 2024, the European Bank of Reconstruction and Development (EBRD), released its current EBRD Environmental and Social Policy (ESP), which then came into force on 1 January 2025 for new projects, replacing the previous EBRD Environmental and Social Policy 2019 and its associated Performance Requirements. Under ESP 2024, the former Performance Requirements (PRs) have been renamed Environmental and Social Requirements (ESRs) with the update introducing stronger requirements. Under the ESP 2024, the EBRD has adopted a comprehensive set of ESRs that projects are required to meet with regard to specific areas of environmental and social sustainability. Central to the ESRs is the application of the mitigation hierarchy and Good Industry Practice (GIP). An overview of ESRs is presented in ***Table 2-2.*** More details can be found on the EBRD website[3].

[3] https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/environment---sustainability/environmental-and-social-policy-esp/esp-2024/EBRD-Environmental-and-Social-Policy-2024-high-res.pdf

TABLE 2-2: OVERVIEW OF EBRD'S ENVIRONMENTAL AND SOCIAL REQUIREMENTS

Environmental and Social Requirements	Description
Environmental and Social Requirement 1 Assessment and Management of Environmental and Social Risks and Impacts	• This ESR underscores the importance of managing social and environmental performance throughout the life of a project (any business activity that is subject to assessment and management). The ESR ◦ Establishes a systematic approach to identifying, assessing and managing environmental and social risks and impacts throughout the project lifecycle. ◦ Requires consideration of alternatives, cumulative impacts and climate-related risks. ◦ Applies the mitigation hierarchy to avoid, minimise, restore and, where appropriate, offset impacts. ◦ Requires Environmental and Social Management Systems (ESMS) and monitoring programmes. ◦ Promotes continual improvement in environmental and social performance.
Environmental and Social Requirement 2 Labour and Working Conditions	• This ESR recognizes that the pursuit of economic growth through employment creation and income generation should be balanced with protection for basic rights of workers. The ESR ◦ Promotes fair treatment, non-discrimination and equal opportunity for workers. ◦ Protects workers' rights consistent with national law and international labour principles. ◦ Prohibits child labour and forced labour. ◦ Requires safe and healthy working conditions. ◦ Establishes grievance mechanisms and worker-management engagement processes.
Environmental and Social Requirement 3 Resource Efficiency and Pollution Prevention and Control	• This ESR recognizes that increased industrial activity and urbanization often generate increased levels of pollution to air, water, and land that may threaten people and the environment at the local, regional, and global level. The ESR ◦ Promotes efficient use of energy, water, raw materials and other resources. ◦ Requires prevention, minimisation and control of pollution to air, water and land. ◦ Addresses waste management and hazardous materials. ◦ Requires consideration of greenhouse gas emissions and climate-related impacts. ◦ Encourages resource-efficient and low-carbon project design
Environmental and Social Requirement 4 Health, Safety and Security	• This ESR recognizes that project activities, equipment, and infrastructure often bring benefits to communities including employment, services, and opportunities for economic development. ◦ Seeks to protect workers, affected communities and the public from project-related health and safety risks. ◦ Addresses community exposure to hazardous materials, infrastructure failures and emergencies. ◦ Requires emergency preparedness and response planning. ◦ Covers transportation, traffic, communicable diseases and security personnel management.
Environmental and Social Requirement 5 Land Acquisition, Restrictions on Land Use	• This ESR outlines that involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that

Environmental and Social Requirements	Description
and Involuntary Resettlement	leads to loss of income sources or means of livelihood) as a result of project-related land acquisition ◦ Addresses physical and economic displacement resulting from project activities. ◦ Requires avoidance or minimisation of displacement where feasible. ◦ Requires compensation at replacement cost and livelihood restoration measures. ◦ Ensures meaningful consultation and participation of affected persons. ◦ Aims to improve or restore affected persons' livelihoods and living standards.
Environmental and Social Requirement 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	• This ESR recognizes that protecting and conserving biodiversity - the variety of life in all its forms, including genetic, species and ecosystem diversity - and its ability to change and evolve, is fundamental to sustainable development. ◦ Protects biodiversity, ecosystems and ecological processes. ◦ Requires application of the mitigation hierarchy to biodiversity impacts. ◦ Addresses natural habitat, critical habitat and protected areas. ◦ Requires consideration of ecosystem services and cumulative impacts. ◦ Promotes sustainable management of living natural resources
Environmental and Social Requirement 7 Indigenous Peoples	• This ESR recognizes that Indigenous Peoples, as social groups with identities that are distinct from dominant groups in national societies, are often among the most marginalized and vulnerable segments of the population. ◦ Ensures respect for the rights, cultures, knowledge and livelihoods of Indigenous Peoples. ◦ Requires avoidance or minimisation of adverse impacts. ◦ Promotes culturally appropriate benefits and participation. ◦ Requires meaningful consultation and engagement. ◦ Requires Free, Prior and Informed Consent (FPIC) in specified circumstances.
Environmental and Social Requirement 8 Cultural Heritage	• This ESR recognizes the importance of cultural heritage for current and future generations. Requirements of this PS on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity. It requires the project proponent to comply with relevant national law on the protection of cultural heritage, including national law implementing the host country's obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage and other relevant international law. ◦ Protects tangible and intangible cultural heritage. ◦ Requires identification and management of project-related impacts on cultural heritage resources. ◦ Includes chance-find procedures for archaeological discoveries. ◦ Supports preservation of cultural values and traditions. ◦ Promotes equitable sharing of benefits arising from the use of cultural heritage.
Environmental and Social Requirement 10 Stakeholder Engagement	• This ESR Requires meaningful, inclusive and ongoing stakeholder engagement throughout the project lifecycle. ◦ Ensures transparent disclosure of project information. ◦ Requires identification of affected and interested stakeholders.

Environmental and Social Requirements	Description
	◦ Establishes grievance mechanisms for communities and stakeholders. ◦ Supports informed participation in project decision-making

2.4.14 ADB ENVIRONMENTAL AND SOCIAL FRAMEWORK (2024)

On 22 November 2024, the Environmental and Social Framework (ESF) was approved by the ADB Board of Directors. The ESF builds upon ADB's previous safeguard policies on Safeguard Policy Statement (SPS) and brings it into one consolidated policy framework with enhanced consistency and coherence, and more comprehensively addresses environmental and social impacts and risks. The ESF became effective 1 January 2026 and superseded the SPS. Under the ESF 2024, the ADB has adopted a comprehensive set of Environmental and Social Standard (ESSs) that projects are required to meet with regard to specific areas of environmental and social sustainability. An overview of ESSs is presented in ***Table 2-3***. More details can be found on the ADB website[4].

TABLE 2-3: OVERVIEW OF ADB'S ENVIRONMENTAL AND SOCIAL STANDARDS

Standard	Description
ESS1: Assessment and Management of Environmental and Social Risks and Impacts	• The overarching standard that provides basis for an integrated E&S assessment, undertaken proportionate to the potential risks and impacts. It emphasizes application of mitigation hierarchy and requires identification of gender risks and disadvantaged or vulnerable groups and implementation of differentiated measures.
ESS2: Labor and Working Conditions	• Recognizes that borrowers/clients can advance the social and economic well-being of project workers through employment generation and that project workers play a major role in delivering quality projects. It promotes equitable standards for labor and working conditions and good human resource management and relationships that support respect for project workers.
ESS3: Resource Conservation and Pollution Prevention	• Recognizes that economic and social activity often generate pollution to air, water and soil and consumes finite resources at levels that may threaten people, the environment and the ecosystem services the environment provides. It requires measures to improve resource conservation, minimize the intensity of resource use such as energy, water, soil, and raw materials.
ESS4: Health, Safety and Security	• Recognizes that project activities and infrastructure may increase the potential for project workers and project-affected persons' exposure to health, safety, and security risks, including sexual exploitation abuse and harassment risks. It sets out the requirements for assessing, planning, managing, and monitoring a project's safety and security risks and impacts on project workers and communities.
ESS5:	• Recognizes that project-related land acquisition and land use restriction, if unmitigated, may lead to negative economic, social,

[4] Asian Development Bank. (2024). Environmental and social framework. https://www.adb.org/who-we-are/environmental-social-requirements/environmental-social-framework

Standard	Description
Land Acquisition and Land Use Restriction	and environmental risks. It provides requirements for project-related land acquisition and land use restrictions.
ESS6: Biodiversity and Sustainable Natural Resources Management	• Recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development and it recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. ESS6 also addresses sustainable management of primary production and harvesting of living natural resources. It recognizes the need to consider the livelihood of project-affected parties, including Indigenous Peoples, whose access to, or use of, biodiversity or living natural resources may be affected by a project.
ESS7: Indigenous Peoples	• Recognizes that Indigenous Peoples are often among the most marginalized and vulnerable segments of the population. Special efforts are needed to engage Indigenous Peoples in the planning of development programs that affect them, in particular, development programs that are supposedly designed to meet their specific needs and aspirations that affect their land and territories. It establishes the requirements that borrowers/clients will meet to ensure that projects affecting Indigenous Peoples and their cultural identities, practices, and customary lands take the necessary measures to minimize harm and effectively engage them.
ESS8: Cultural Heritage	• Recognizes tangible and intangible cultural heritage are important assets for economic and social development, a source of valuable scientific and historical information, and an integral part of people's cultural identity and practice. It sets out the requirements for assessing and managing direct and cumulative project specific risks and impacts to both tangible and intangible cultural heritage.
ESS9: Climate Change	• Provides requirements to minimize greenhouse gas (GHG) emissions attributable to a project and manage project-related climate risks and contribute to enhancing climate resilience.
ESS10: Stakeholder Engagement and Information Disclosure	• Recognizes the importance of open, transparent, and safe engagement between the borrower/client and the persons affected by a project including local communities, host communities, project workers and worker representatives, and other project stakeholders. It consolidates requirements related to stakeholder engagement, including meaningful consultation, information disclosure, and grievance mechanisms.

2.5 INTERNATIONAL TREATIES AND CONVENTIONS

The below table shows the International Agreements and Conventions that Mongolia is a signatory to which are of relevance to the Project.

TABLE 2-4: INTERNATIONAL AGREEMENTS AND CONVENTIONS

Legislation	Relevance to the Project	Ratification Status (in Mongolia)
Montreal Protocol on Substances that Deplete the Ozone Layer, 1990	The Project may use or generate ozone depleting substances.	Accession 7 June 1996 (Montreal)
Convention on Biological Diversity, 1992	The Project will be located in natural terrestrial habitats.	Ratified 30 September 1993, entered into force 29 December 1993
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, 1989	The Project may generate hazardous waste (e.g., used oils).	Ratified 15 April 1997, Entered into force 14 July, 1997
United Nations Framework Convention on Climate Change, 1992 (UNFCCC) and The Kyoto Protocol	The Project construction will form part of Mongolian's total emissions output. However, there will be limited emissions during operation.	Entered in force 21 March 1994 (UNFCCC) and 16 February 2005 (Kyoto Protocol)
Workmen's Compensation (Accidents) Convention, 1925	The Project has risks to occupational health and safety.	Entered in force 16 February 1956
Occupational Safety and Health Convention, 1981	The Project has risks to occupational health and safety.	Ratified 3 February 1998
Convention on the Conservation of Migratory Species of Wild Animals, 1991	The Project may affect migratory bird species	Ratified on 1 November 1999[5]
Protocol on Energy Efficiency and Related Environmental Aspects to the Energy Charter Treaty, 1994	The Project is a power generation project contributing to the Mongolian energy mix	Ratified on 19 March 2000[6]
Stockholm Convention on Persistent Organic Pollutants, 2001	The Project may use chemicals in the turbine which are listed as POPs	Ratified on 7 November 2003
ILO Convention 87 on Freedom of Association and Protection of the Right to Organize	The Project will employ and subcontract local workforce and will comply with international conventions	Ratified on 3 June 1969
ILO Convention 98 on the Right to Organize and Collective Bargaining		Ratified on 3 June 1969
ILO Convention 29 on Forced Labour		Ratified on 15 March 2005
ILO Convention 105 on the Abolition of Forced Labour		Ratified on 15 March 2005
ILO Convention 138 on Minimum Age (of Employment)		Ratified on 16 December 2022
ILO Convention 182 on the Worst Forms of Child Labour		Ratified on 26 February 2001

[5] https://www.cms.int/en/convention-text [Accessed August 2021]
[6] https://iea.uoregon.edu/treaty-text/3203 [Accessed August 2021]

Legislation	Relevance to the Project	Ratification Status (in Mongolia)
ILO Convention 100 on Equal Remuneration ILO Convention 111 on Discrimination (Employment and Occupation)		Ratified on 3 June 1969
ILO Convention 155 on Occupational Safety and Health		Ratified on 3 February 1998
UN Convention on the Rights of the Child, Article 32.1		Ratified in 1990

2.5.1 THE MONTREAL PROTOCOL, 1990

The Montreal Protocol on Substances that Deplete the Ozone Layer (1990) is an international treaty designed to protect the ozone layer by phasing out the production of several ozone-depleting substances (ODS) which are responsible for ozone depletion. For each group of ODS, the treaty provides a timetable following which the production of the aforementioned ODS groups must be shot out and eventually eliminated.

2.5.2 THE CONVENTION ON BIOLOGICAL DIVERSITY, 1992

The Biodiversity Convention is a multilateral treaty with three main goals consisting of: the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of benefits arising from genetic resources. It requires the identification and monitoring of the biodiversity in an area and adopting the necessary conservation measure.

2.5.3 THE BASEL CONVENTION, 1989

The Basel Convention (1989) was developed under the auspices of the United Nations Environmental Programme (UNEP) in response to the growing worldwide awareness of the problem of international traffic in hazardous waste. The Basel Convention is the first and foremost global environmental treaty that strictly regulates the trans-boundary movement of hazardous wastes. It obligates parties to ensure environmentally sound management, especially during the disposal process. Mongolia ratified the Basel Convention in 1997.

The objectives of the Convention are to:

- Ensure that waste is disposed of as near as possible to the place or source of its generation;
- Reduce trans-boundary waste and where it cannot be avoided, to be disposed of in an environmentally sound and efficient manner;
- Provide assistance to developing countries in the management of hazardous waste and the generation; and
- The Convention places a ban on the export of hazardous waste from Organization for Economic Cooperation and Development (OECD) countries to non-OECD countries.

2.5.4 THE KYOTO PROTOCOL ON CLIMATE CHANGE (UNFCCC)

Mongolia became a signatory to the UNFCCC and ratified the Convention in 1993. This obligates Mongolia to assure that future development in the country meets the conditions of

the Convention. Relevant to this Project are the requirements associated with the potential generation of greenhouse gas. Further conditions of relevance include:

- Enhancement of energy efficiency in relevant sectors;
- Protection and enhancement of sinks and reservoirs of greenhouse gases;
- Promotion of sustainable forest management practices, afforestation and reforestation;
- Promotion of sustainable forms of agriculture;
- Implementation of measures to limit and/ or reduce emissions of GHGs; and
- Limitation and/ or reduction in methane emissions.

2.5.5 THE PARIS AGREEMENT UNDER THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Mongolia became a signatory of the Paris Agreement on 22 April 2016 and ratified on 21 September 2016. Under this agreement, Mongolia pledged to participate to the Nationally Determined Contributions (NDC) with a mitigation target of 27.2% emission reduction by 2030.[7]

2.5.6 THE WORKMEN'S COMPENSATION (ACCIDENTS) CONVENTION, 1925

The Workmen's Compensation (accidents) Convention is an International Labour Organization Convention which provides that workmen who suffer personal injury due to an industrial accident to be compensated on terms at least equal to those provided within the Convention.

2.5.7 THE CONVENTION ON THE CONSERVATION OF MIGRATORY SPECIES OF WILD ANIMALS, 1991

The Convention on Migratory Species is an international agreement that aims to conserve migratory species throughout their ranges through the conservation of wildlife and habitats on a global scale. Signatories to this convention agree to take action by paying special attention to migratory species whose conservation status is unfavourable and taking the necessary steps to conserve the species and their habitat. The crux of the Convention is the need to take action to avoid any migratory species from becoming endangered.

2.5.8 THE ENERGY CHARTER PROTOCOL ON ENERGY EFFICIENCY AND RELATED ENVIRONMENTAL ASPECTS, 1994

The objectives of the Energy Charter Protocol are to promote energy efficiency policies consistent with sustainable development, to create framework conditions which induce the producer and the consumers to use energy as economically, efficiently and environmentally soundly as possible, while also fostering cooperation in the field of energy efficiency. Parties to the Protocol agree to formulate strategies and policy aims aimed at the improvement of energy efficiency and the subsequent reduction of environmental impacts.

[7] Dolgor, S., 2021. Partnership for Ambitious Climate Action in Mongolia. Available at: https://mongolia.un.org/en/106855-partnership-ambitious-climate-action-mongolia#:~:text=The%20President%20of%20Mongolia%2C%20H.E,Kingdom%20and%20France%2C%20in%20partnership [Accessed August 2020]

2.5.9 THE STOCKHOLM CONVENTION ON PERSISTENT ORGANIC POLLUTANTS, 2001

The Stockholm Convention is a global treaty to protect human health and the environment from persistent organic pollutants (POPs), which are chemicals which remain intact in the environment for long periods of time. The Stockholm Convention focuses on eliminating or reducing releases of POPs and enforces a system for tackling additional chemicals which have been identified as being unacceptably hazardous.

2.6 RELEVANT ENVIRONMENTAL STANDARDS

Pollutants affecting air quality will only be emitted from the vehicles and equipment which will also emit noise throughout the construction and operation phases of the Project. Consequently, the Project Proponent should, at a minimum, abide by the following standards which dictate the environmental standards for air quality protection, the prevention of soil pollution and contamination control throughout the implementation of all Project phases.

2.6.1 STANDARDS ON AIR QUALITY PROTECTION AND MONITORING

Ambient air quality standard is enforced on all stages of Project construction and operation. Following standards are included in national air quality protection standards:

2.6.1.1 MNS 4585:2016 AIR QUALITY: GENERAL TECHNICAL REQUIREMENTS

The purpose of this standard is to test, assess and control indoor and ambient air qualities of cities, apartments, offices, entertainment venues, public service spaces and civil construction locations throughout the planning and operational phases of the afore-mentioned facilities.

This standard should be applied to the construction and operation phases of the Project in order to evaluate the results of the air quality monitoring processes to avoid harmful effects on workers and the local population who are proximate to the Project.

2.6.1.2 MNS 5885:2008 ACCEPTABLE CONCENTRATION OF AIR POLLUTANT ELEMENTS: GENERAL TECHNICAL REQUIREMENTS

The purpose of this standard is to test, evaluate and control permissible levels of air pollutants in the ambient air.

The Project should adopt this standard in the monitoring, evaluation and control of permissible levels of air pollutants in the ambient air to ensure that Project activities do not emit beyond what is specified as permissible by the standard.

2.6.2 STANDARDS RELATED TO SOIL PROTECTION

2.6.2.1 MNS 5850:2019 SOIL QUALITY: SOIL POLLUTANTS ELEMENTS AND SUBSTANCE

This standard determines the maximum permissible level of the release of contaminants and elements which can occur in Mongolian soils. If the level of permissible contaminants and elements exceed permissible levels established by the soil quality standard, the soil is considered contaminated.

This standard is applicable to the Project and should be applied in the evaluation of the soil monitoring process, in order to determine whether the construction and operation phases of

the Project subsequently pollute the soil of the Project area with elements considered as soil pollutants by the standard.

2.6.2.2 MNS 5916:2008 ENVIRONMENT: REQUIREMENTS FOR FERTILE SOIL REMOVING AND ITS TEMPORARY STORAGE DURING EARTH EXCAVATION

This standard defines the requirements for stripping and storing fertile soil during earthworks.

The thresholds determined by this standard should be abided by during the construction activities of this Project to ensure that topsoil is stripped and stockpiled appropriately to allow for rehabilitation.

2.6.2.3 MNS 5917:2008 ENVIRONMENT: RECLAMATION OF LAND DESTROYED DUE TO MINING ACTIVITIES. GENERAL TECHNICAL REQUIREMENTS

This standard aims to define the general requirements for rehabilitated land. This standard applies to the reclamation of land which was disturbed during industrial activities.

The Project should consider this standard in the rehabilitation of areas of land which were disturbed during the Project's construction activities. There is currently no standard process for the reclamation of land which was disturbed during industrial activities.

2.6.3 STANDARDS RELATED TO WATER BODY PROTECTION

2.6.3.1 MNS 6148:2010 WATER QUALITY: MAXIMUM LIMIT OF SUBSTANCE CONTAMINATING THE GROUNDWATER

This standard determines the maximum level of contaminants and elements which are permitted to occur in an underground body of water. If the threshold established by the standard is exceeded, it is established that the body of water is contaminated. This standard is also applied within the scope of contaminants derived from industrial and domestic activities carried out by humans.

This standard will apply within the scope of the Project in order to monitor the groundwater quality during the construction and operation phases of the Project to prevent water contamination which may harm the Project workers and local population.

2.6.3.2 MNS 0900:2018 ENVIRONMENT, HEALTH PROTECTION, SAFETY, DRINKING WATER: HYGIENE REQUIREMENTS, ASSESSMENT OF QUALITY AND SAFETY

This standard shall apply to all the processes relevant to the implementation of hygiene standards, application of quality control and maintenance of safety standards in relation to the distribution of water intended for consumption and household uses from centralized and non-centralized sources (from extraction, reserving, quality improvement, distribution, transport and the bottling of the water) to users.

The Project should seek to abide by this standard in order to monitor water quality during the Project's construction and operation phases in order avoid causing harm to the workers and the local population through contaminated water.

2.6.3.3 MNS 4943:2015 WASTEWATER: GENERAL TECHNICAL REQUIREMENT

This standard applies to citizens, economic entities and organizations who dispose of wastewater generated from domestic, industrial and service use, into the environment. This

standard is used to ensure that the processes involved with the disposal of wastewater into the environment are controlled. The standard also operates as a basis for determining the water pollution fee and amount of compensation due following the inappropriate disposal of wastewater.

The Project must adopt this standard in practice by monitoring the proper treatment of wastewater in accordance with the requirements specified within the standard in order to avoid any harmful effects on the workers and local population.

2.6.4 STANDARDS RELATING TO ENGINE EMISSIONS

2.6.4.1 MNS 5013:2009 PETROL ENGINE VEHICLE: MAXIMUM ACCEPTABLE LEVEL AND MEASURING METHOD OF EXHAUST EMISSIONS

This standard establishes the permissible thresholds for air pollutants emitted in the exhaust fumes of gasoline-powered vehicles. It also aims to reduce the amount of air pollutants emitted into the atmosphere from the use of vehicles while strengthening the environmental controls over the operation and technical condition of the vehicles utilised by the Project in order to reduce air pollution and adverse effects on human health and the environment.

The Project must keep this standard in mind when construction contractors and/or sub-contractors are hired by the Project Proponent to ensure that the machines and vehicles used during the construction phase of the Project comply with the requirements established by the standard.

2.6.4.2 MNS 5014:2009 DIESEL ENGINE VEHICLE: MAXIMUM ACCEPTABLE LEVEL AND THE METHOD OF MEASURING OPACITY

The permitted maximum threshold for emissions emitted by diesel engines applies to diesel engine vehicles and the recommended measurement methods, as well as the technical and safety requirements which apply to the measuring instruments, are all listed within this standard.

2.7 GOOD INTERNATIONAL INDUSTRY PRACTICE GUIDELINES

NZE will undertake the impact assessment study and Project activities in a manner guided by good international industry practice (GIIP). Applicable guidelines which NZE will consider in preparing the ESIA include:

- IFC Performance Standards on Environmental and Social Sustainability (2012); and
- IFC Environmental, Health and Safety (EHS) guidelines, including:
  - General EHS Guidelines (2007);
  - EHS Guidelines for Environmental, Health, and Safety (2007);
  - EHS Guidelines for Wind Energy (2015); and
  - EHS Guidelines for Electric Power Transmission and Distribution (2007).
- The Equator Principles IV.

2.8 MONGOLIA'S EMISSIONS GUIDELINES

2.8.1 AIR EMISSIONS

Tolerance level of air pollutants are regulated by the Law on Air (2012) and the Mongolia National Standard "MNS 4585:2016 Air quality. General technical requirements – Chemical Effects". Thresholds are presented in the below ***Table 2-5***.

TABLE 2-5: AIR EMISSION (MNS 4585:2016)

Parameter	Method	Unit	Limit
Sulphur dioxide (SO_2)	20 minutes average	µg/m^3	450
	24-hour average		50
	Annual average		20
Carbon monoxide (CO)	20 minutes average	µg/m^3	60,000
	1 hour average		30,000
	8 hours average		10,000
Nitrogen dioxide (NO_2)	20 minutes average	µg/m^3	200
	24-hour average		50
	Annual average		40
Ozone (O_3)	8 hours average	µg/m^3	100
Total particles	20 minutes average	µg/m^3	500
	24-hour average		150
	Annual average		100
PM_{10} particles	24-hour average	µg/m^3	100
	Annual average		50
$PM_{2.5}$ particles	24-hour average	µg/m^3	50
	Annual average		25
Lead (Pb)	24-hour average	µg/m^3	1
	Annual average		0.25
Benzo-a-pyrene (C_{20} N_{12})	24-hour average	µg/m^3	0.001

2.8.2 NOISE LEVEL PARAMETERS

Limit values of ambient noise during the day (07:00 - 22:00 hours) and night (22:00 - 07:00 hours) are established by the Mongolian National Standard "MNS 4585:2016 Air quality. General technical requirements – Physical Effects" and presented in the below ***Table 2-6***.

TABLE 2-6: NOISE LEVEL (MNS 4585:2016)

Period	Average Measurement Time	Maximum Allowable Limit (dBA) [a]
Daytime (07:00-22:00)	16 hours average	60
Nighttime (22:00-07:00)	8 hours average	45

a) Equivalent continuous sound level in decibels (at the nearest sensitive receptor)

2.8.3 WATER QUALITY

Water quality is regulated by the Law on Water (2012) and parameters are established in the Mongolian National Standards "MNS 6148:2010 Maximum allowable level of groundwater pollutants" and the "MNS 0900:2018 Environment. Health protection. Safety. Drinking water. Hygiene requirements, quality, and safety evaluation". The limits are presented in the below ***Table 2-7***.

TABLE 2-7: WATER QUALITY PARAMETERS

Measurement specification	Unit of Measure	MNS 6148:2010	MNS 0900:2018	WHO Guidelines 2022 for Drinking Water Quality[8]
Chloride ion (Cl^-)	mg/L	350	350	
Sulphate (SO_4^{2-})	mg/L	500	500	
Nitrogen Dioxide (NO_2)	mg/L	1	1	3
Nitrate (NO_3^-)	mg/L	50	50	50
Calcium ion (Ca^{2+})	mg/L	-	100	
Magnesium ion (Mg^{2+})	mg/L	-	30	
Ammonium (NH_4^+)	mg/L	3	1.5	
Hardness	mg-eq/L	-	7.0	
pH		6.5-8.5	6.5-8.5	
Electrical Conductivity (EC)	mS/cm	-	1	

[8] World Health Organization, 2022. Guidelines for drinking-water quality: fourth edition incorporating the first and second addenda. PP 614. [Available at: https://www.who.int/teams/environment-climate-change-and-health/water-sanitation-and-health/water-safety-and-quality/drinking-water-quality-guidelines Accessed August 2022]

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ERM-Hong Kong, Limited
2507 One Harbourfront
18 Tak Fung Street
Hong Kong
T: +852 2271 3000
F: +852 3015 8052

www.erm.com