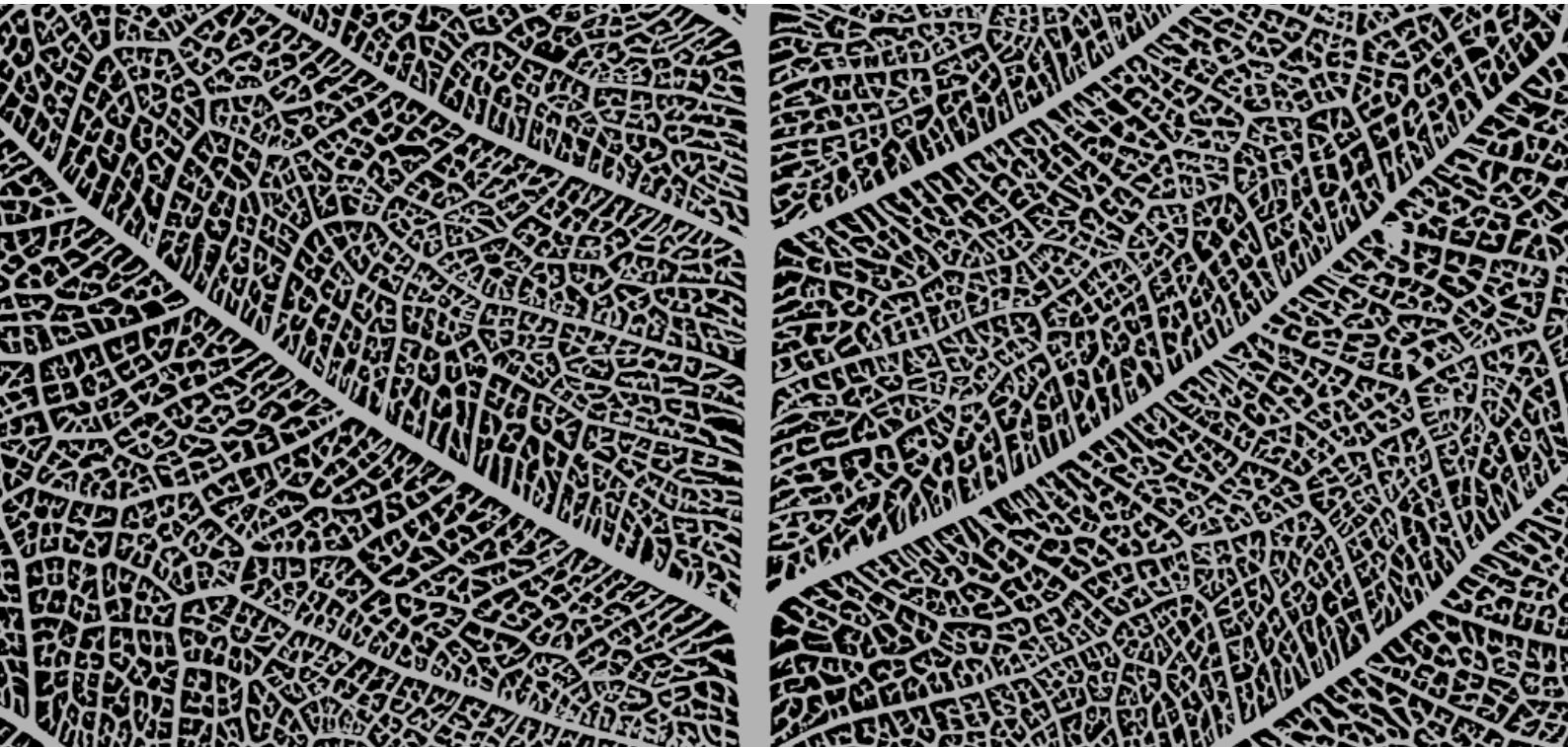


**ENVIRONMENTAL STANDARDS
FOR OPERATIONS
OF OIL AND GAS COMPANIES**





**Environmental Standards
for Operations of Oil and Gas Companies
Acting in Russia, on its Continental Shelf,
and within its Exclusive Economic Zone
developed by Russian Non-governmental
Nature Conservation Organizations**

**To: Leaders of oil and gas companies working in Russia
Organs of the federal and local government within the Russian
Federation
Environmental non-governmental organizations**

The ecologically dangerous development of the oil and gas industry has become one of the primary threats to nature conservation in Russia. This situation can be changed only by increasing the ecological responsibility of companies active in the sector. Russia's environmental organizations are coming forward with an initiative to unite society's efforts to resolve this problem.

"Environmental Standards" is an attempt to help oil and gas companies formulate effective corporate environmental policies based on the necessity of ensuring environmental safety and the minimization of negative environmental consequences.

"Environmental Standards" is our appeal to the organs of federal and local government to: identify priorities and approaches in regulating the activities of oil and gas companies in the interests of the longterm sustainable development of the country and its regions; create a guide to action for developing the normative legal base; and formulate a plan for the socio-economic development of territories implementing governmental Environmental Impact Assessments and the organization of environmental monitoring.

"Environmental Standards" is a foundation for constructive dialog between NGOs and oil and gas companies.

"Environmental Standards" is the result of work by experts who drew upon international experience in resolving environmental problems related to the extraction, transportation, and processing of hydrocarbon materials. Members of the working group include representatives of the World Wide Fund for Nature (WWF) Russia, the International Socio-Ecological Union, Greenpeace Russia, the Ecojuris Institute of Environmental Law, Crude Accountability, and the BTS Monitoring Project. Working group members broadly drew upon the experience of the Buryat Regional Union for Baikal, Baikal Environmental Wave, EcoDefense!, and many other NGOs in the Russian Far East, the Russian Northwest, Siberia, the Caspian and Baltic Regions, and in the Arctic. They also utilized joint demands concerning the oil and gas projects on Sakhalin Island, which were prepared upon the initiative of Sakhalin Environment Watch.

We call upon other NGOs to endorse "Environmental Standards".

We also call on oil and gas companies to officially adopt and observe these standards as a foundation for their corporate environmental policies and management systems – not only for reasons of moral, ecological, and social responsibility, but also because companies' increased environmental responsibility improves their competitiveness and can become an effective mechanism for increasing their attractiveness for investment.

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Environmental Standards for Operations of Oil and Gas Companies Acting in Russia, on its Continental Shelf, and within its Exclusive Economic Zone developed by Russian Non-governmental Nature Conservation Organizations

1. Environmental Policy

Company develops and implements a transparent environmental policy aimed at environmental safety assurance. Basic principles of Company's environmental policy are as follows:

- 1.1. Presumption of the potential danger of Company's activities to the environment.
- 1.2. Priority of precautionary approach over the response to environmentally negative consequences of Company activities.
- 1.3. Refusal to act in territories and marine zones of high environmental value.
- 1.4. Consideration of environmental features particular to the area where Company activities are carried out (e.g., composite ice situation, permafrost, seismic activity, active slope processes, etc).
- 1.5. Consideration of the interests and rights of indigenous people (as well as other ethnic communities that have the same rights as indigenous people) to preserve their traditional lifestyle and environment.
- 1.6. Free access to and transparency of ecological information.
- 1.7. Supportive of public monitoring of Company activities.
- 1.8. Damage compensation under Russian legislation.
- 1.9. Accident prevention and mitigation, including the rehabilitation of ecosystems and animals.
- 1.10. Use of the best available technologies.
- 1.11. Environment-friendly waste utilization.
- 1.12. Analysis and reporting on the Company's input into global climate change.
- 1.13. Implementation of a coordinated and unified environmental policy.
- 1.14. Appointment of a person from upper-management to be responsible for environmental policy implementation.

2. Law Compliance

- 2.1. Company complies in full with Russian environmental legislation.
- 2.2. Company neither initiates nor supports changes in Russian legislation.

3. Territories and Marine Zones of High Value

- 3.1. Company neither acts within the areas listed below, nor carries out activities beyond these territories and marine zones, which might negatively impact protected nature complexes and objects thereof (i.e., no-go areas):
 - 3.1.1. UNESCO Natural and Cultural World Heritage Sites.
 - 3.1.2. Specially protected natural areas (henceforth, SPNA) created under the federal law "On Specially Protected Natural Areas," and through regulatory acts of subjects of the Russian Federation (e.g., state strict nature reserves, national parks, nature parks, state nature reserves, arboreturns and botanical gardens, land and resorts for the improvement of health and convalescence, biosphere polygons of UNESCO World Heritage Sites, and other types of specially protected natural areas) and their buffer and protection zones.
 - 3.1.3. Areas included in prospective plans to create specially protected territories and/or reserved under decrees of the Russian government or state bodies of subjects of the Russian Federation for the creation of SPNAs.
 - 3.1.4. Wetlands of International Importance (Ramsar sites) both approved by the Russian government and included in the "Prospective List" of the Ramsar Convention.
 - 3.1.5. Crucial habitat areas of species populations included in Red Data Books of the Russian Federation and its subjects.

- 3.1.6. Key ornithological areas of international and national importance.
- 3.1.7. Particularly sensitive sea areas and areas important for marine mammal protection.
- 3.1.8. Large, little-damaged natural ecosystems, until all parties concerned come to a mutually acceptable and socially, economically, and ecologically reasonable decision regarding the preservation/use of these ecosystems. Until official borders of the aforementioned ecosystems are determined, the borders will be determined jointly, with participation by all interested stakeholders, including non-governmental organizations.
- 3.2. On specially protected natural areas of regional and local significance (including those being planned), the protection regime of which does not forbid pipeline construction, pipeline construction will be allowed only if the realization of alternative pipeline routes is impossible, and if this activity doesn't contradict the established goals of these specially protected natural areas.
- 3.3. In particularly sensitive natural ecosystems (e.g., near-tundra forests, water protection areas, and forest shelterbelts), other natural ecosystems included in existing feasible schemes of proposed protected areas that are recognized by the scientific community and regional-level non-governmental ecological organizations, Company carries out its activities ensuring that they do not lead to the degradation of natural complexes; damage to biological resources, for which compensation is provided by Russian legislation; or decreased natural functioning of the aforementioned ecosystems.
- 3.4. In particularly sensitive natural ecosystems in water basins that are of high importance for commercial fishing, Company carries out its activities, ensuring they do not lead to damage of the biological resources of the aforementioned ecosystems.
- 3.5. On lands traditionally inhabited by indigenous people and other ethnic minority communities, and which are significant to those people for their importance in economic activities, or for the location of historical and cultural heritage objects on them, Company carries out its activities ensuring that it receives approval for the project implementation sites from the aforementioned groups; that it carries out ethno-ecological expertise and takes into account its results; and that it establishes a special regime for activity implementation, which provides for the preservation of the aboriginal environment and traditional nature use of indigenous people and other ethnic minority communities that have the same rights as indigenous people.

4. Environmental Impact Assessment (EIA) and Ecological Expertise

- 4.1. Company conducts an evaluation of the environmental impact of its projects under the following principles:
 - 4.1.1. Multi-variation of project scenarios, including a compulsory evaluation of the "zero variant" (i.e., nonimplementation of the project).
 - 4.1.2. Complexity of EIA (analysis of the proposed activity on the level of the ecosystem and all environmental objects therein contained).
 - 4.1.3. Conducting an EIA for an entire project or groups of interrelated projects considering the features of the technological chain of the oil and gas complex (i.e., production, refining, storage, and transportation).
 - 4.1.4. Complete and detailed analysis of all possible risks for accident occurrence including a scenario which includes the total destruction of constructions and its consequences.
 - 4.1.5. Availability and transparency of EIA materials (EIA materials made available in mass media, including on the Internet; EIA materials, reasonable remarks, and Company's responses to public requests are posted on Company's website).
- 4.2. Company plans and conducts its activities according to the results of the strategic ecological assessment of the environmental impact of plans and programs for development in the region where the project will be realized.
- 4.3. Company holds public discussions of its projects, and informs the public and stakeholders (by posting information in a publicly accessible way on the Company website) about the presentation of projects for ecological expertise by the government and provides documentation for public ecological expertise to public associations under effective legislation, upon request.

5. Transparency of Ecological Information

- 5.1. Company provides the public with ecologically meaningful information, including oil spill response plan and HSE declaration.
- 5.2. Company regularly holds independent ecological audits, results of which will be made available to the public, and provides necessary information to third parties conducting such audits.
- 5.3. Company immediately informs the local community and public and self-governance bodies about emergency situations that have occurred, and about their consequences and response measures.
- 5.4. Company does not object to and assists in monitoring activities carried out by public organizations and authorized state bodies.
- 5.5. Company informs the public about priorities, procedures, and the results of funds drawdowns voluntarily made by Company for the socio-economic development of regions and environment protection.
- 5.6. Company makes open and accessible results from research carried out within the framework of environmental impact assessment procedures and environmental monitoring, including the placement of these materials on Company's Web site.

6. Compensation for Damages and Losses

- 6.1. Company conducts detailed ecological-economic assessments of the full value of natural resources, which take into account their environment-shaping functions, and which includes a feasibility study of project losses from the loss of resources that will be utilized during project realization, as well as losses that may take place in sectors of the economy that are related to the sustainable use of natural resources (e.g., resort development, tourism, fishing, forestry, etc.). Information on the evaluation of losses and the value of resources, which might be lost, should be openly accessible.
- 6.2. In accordance with Russian legislation, Company fully compensates damages to the environment and community, which are incurred by the negative impact of the activities of Company, its contractors, and its sub-contractors.
- 6.3. Company ensures and assumes complete responsibility for production units removed from service, and for subsequent restoration of the territory. Funds for this should be included and considered during the project's feasibility study stage.

7. Prevention and Response for Oil Spills and Spills of Oil Products

- 7.1. Company has prevention and response plans for emergency situations and possesses all the means necessary for the management of its own accidents, as well as of those caused by its contractors and sub-contractors. Company insures risks in full with independent insurance companies and/or reserves its own funds for these purposes. Information about all aspects of financial liability should be open.
- 7.2. Company officially publishes a selection of oil spill response scenarios for the main list of possible emergency situations related to spills occurring in Company units, related to these units' operations with partners and third parties, or operations of oil transportation to first point of consumption or re-load. Company officially publishes scenarios of financial provision for accident consequences, response, as well as compensation of damage payment to all negatively impacted parties.
- 7.3. Company transports its products under the following conditions:
 - 7.3.1. Prevention and response plans for oil spills and spills of oil products are in place for tanker transportation.
 - 7.3.2. Realization of EIA for the complete cycle of products transportation.
 - 7.3.3. Transition plan to use double-hull tankers in water transportation.
 - 7.3.4. Company ensures accident-free functioning of its pipeline system, including in-field and inter-field pipelines.

8. Prevention and Mitigation of Negative Impacts on the Environment

- 8.1. Company has a schedule for the implementation of best available technologies, for highest standards, and for norms and practices for the mitigation of negative impacts on the environment.
- 8.2. Company refuses to use gas flaring.
- 8.3. Company conducts drilling activity according to the principle of "zero waste discharge" into any water environment.
- 8.4. Company cooperates with other companies, by sharing and commonly using infrastructure necessary for project realization, in order to decrease its impact on the environment.
- 8.5. Company switches to "non-pit" drilling technology.
- 8.6. Company takes measures to decrease landscape fragmentation and the area of damaged territory, first and foremost in the construction of engineering line structures (oil and gas pipelines, roads, electricity transmission lines, etc.).
- 8.7. In areas where its activities are carried out, Company prevents illegal hunting, fishing, gathering of forest products, and other use of flora and fauna by its employees and by employees of its contractors and subcontractors.
- 8.8. Company does not allow the infringement of the legal interests of traditional users of local natural resources, particularly those of indigenous people (as well as other ethnic communities, that have the same rights as indigenous people), whose lifestyle depends on the well-being of the environment and the use of animals and marine biological resources.
- 8.9. Company informs contractors and sub-contractors about environment protection requirements and monitors their fulfillment.

9. Environment-Oriented Initiatives

- 9.1. Company sponsors or has its own projects to utilize renewable energy sources.
- 9.2. Company encourages the development of environmental protection initiatives in regions where it carries out activities, including the development of a SPNA network.

10. Greenhouse Gas Emissions

- 10.1. Company compiles and publishes in mass media data on its greenhouse gas emissions using international methods, accepted by the Framework Convention of the UN on Climate Change.
- 10.2. Company takes voluntary steps to decrease and limit its greenhouse gas emissions.

The following public environmental non-governmental organizations agree with and sign on to these Environmental Standards:

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