

# **Chapter 2: Policy, Regulatory and Administrative Framework**



## Table of Contents

<b>2</b>	<b>Policy, Regulatory and Administrative Framework.....</b>	<b>2-1</b>
2.1	Introduction.....	2-1
2.2	Corporate Policies.....	2-2
2.2.1	Health and Safety, Security and Environmental Policy .....	2-2
2.2.2	Corporate Social Responsibility and Sustainability Policy .....	2-3
2.3	Overview of Russian Federation Regulatory and Administrative Structures .....	2-5
2.3.1	Federal Government Structure .....	2-5
2.3.2	Administrative Units .....	2-6
2.3.3	Government Ministries, Agencies and Services .....	2-6
2.3.4	Hierarchy of Laws .....	2-9
2.4	Federal Legislation .....	2-10
2.4.1	The Constitution .....	2-10
2.4.2	Environmental and Socio-Economic Legislation and Statutory Requirements ...	2-10
2.4.2.1	Legal Framework of the Sanitary Protection Area of Anapa .....	2-10
2.4.2.2	Anapa Bank.....	2-11
2.4.2.3	Relevant Legislation for Permitting.....	2-15
2.4.2.4	Relevant Legislation for the Offshore Section of the Project.....	2-15
2.4.3	EIA and Associated Legislation.....	2-16
2.4.3.1	Russian Authority Review and Approval Process.....	2-19
2.4.3.2	History of the Project with Reference to National Requirements.....	2-20
2.5	Local and Regional Legislation.....	2-21
2.5.1	Cultural Heritage Sites of Regional Importance .....	2-21
2.5.2	Red Data Book of the Krasnodar Krai .....	2-22
2.6	International and Regional Environmental and Social Conventions and Treaties.....	2-22
2.6.1	Espoo Convention .....	2-22
2.6.2	Bucharest Convention .....	2-23
2.7	Standards and Guidelines for International Financing.....	2-33
2.7.1	Equator Principles III .....	2-33
2.7.1.1	Principle 1: Review and Categorisation .....	2-33
2.7.1.2	Principle 2: Environmental and Social Assessment.....	2-33
2.7.1.3	Principle 3: Applicable Environmental and Social Standards .....	2-35
2.7.1.4	Principle 4: Environmental and Social Management System and Equator Principles Action Plan .....	2-35
2.7.1.5	Principle 5: Stakeholder Engagement .....	2-36
2.7.1.6	Principle 6: Grievance Mechanism .....	2-36
2.7.2	OECD Common Approaches, 2012 .....	2-37
2.7.3	Japan Bank for International Cooperation (JBIC) Environmental Guidelines.....	2-38
2.7.4	International Finance Corporation Performance Standards.....	2-38

2.7.4.1	IFC PS1 Assessment and Management of Environmental and Social Risks and Impacts .....	2-38
2.7.4.2	IFC PS2: Labour and Working Conditions.....	2-40
2.7.4.3	IFC PS 3: Resource Efficiency and Pollution Prevention.....	2-41
2.7.4.4	IFC PS 4: Community Health, Safety and Security .....	2-41
2.7.4.5	IFC PS 5: Land Acquisition and Involuntary Resettlement .....	2-42
2.7.4.6	IFC PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources .....	2-42
2.7.4.7	IFC PS 7: Indigenous Peoples .....	2-43
2.7.4.8	IFC PS 8: Cultural Heritage .....	2-43

## Tables

Table 2.1 International Conventions and Protocol's Relevant to the Project.....	2-24
Table 2.2 Principle 2 Illustrative List of Potential Social and Environmental Issues to be Addressed in the ESIA Report.....	2-34

## Figures

Figure 2.1 Russian Federal Government's Structure.....	2-5
Figure 2.2 Administrative Units of the Russian Federation.....	2-7
Figure 2.3 Anapa Sanitary Protection Area Boundaries, as Revised on 22 October 2012 .....	2-13
Figure 2.4 Anapa Bank Boundaries .....	2-17



## 2 Policy, Regulatory and Administrative Framework

### 2.1 Introduction

This chapter provides an overview of the policy, regulatory and administrative framework relevant to the Project.

As the Project is located within the territory and waters of the Russian Federation, this ESIA Report will take into consideration relevant Russian Federation regulatory requirements and administrative structures.

South Stream Transport is also committed to implementing Good International Industry Practice (GIIP) in relation to environmental and social performance during all Project Phases: Construction and Pre-Commissioning, Operational and Decommissioning Phases.

As part of GIIP, various guidance documents are referred to within this ESIA Report as listed below. Measures contained therein will be adopted as project standards where relevant and practical:

- Sector Guidance Note Integrated Pollution Prevention and Control (IPPC) S1.2 (Guidance for the Gasification, Liquefaction and Refining Sector) (Ref.2.1);
- The Oil and Gas Industry: Operating in Sensitive Environments 23 – International Petroleum Industry Environmental Conservation Association (IPIECA) (Ref. 2.2); and
- Environmental Management in Oil and Gas Exploration and Production 1997 – United Nations Environment Program Industry and Environment (UNEP IE) and the Oil Industry International Explorations and Production Forum (E&P Forum) (Ref. 2.3).

The Project is being carried out in accordance with standards and guidelines for international financing, including those for Environmental and Social Impact Assessment (ESIA). This commitment is reflected in South Stream Transport's *Health and Safety, Security and Environmental Policy*.

This chapter includes an overview of the following:

- South Stream Transport's relevant corporate policies (Section 2.2);
- Russian Federation regulatory and administrative structures (Section 2.3);
- Russian Environmental Impact Assessment (EIA) process and other federal legislation relevant to the Project (Section 2.4);
- Russian local and regional legislative requirements relevant to the Project (Section 2.5);
- International and regional conventions signed or ratified by Russia relating to environmental protection, sustainable development, cultural heritage, socio-economic and human rights that are relevant for the Project (Section 2.6); and

- International standards and guidelines for financing that the Project will be undertaken in accordance with (Section 2.7), namely:
  - The Organisation for Economic Co-operation and Development (OECD) Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits (OECD Common Approaches) (Ref. 2.4);
  - The Equator Principles (EP) III (Ref. 2.5);
  - Japan Bank for International Cooperation (JBIC) Guidelines for Confirmation of Environmental and Social Consideration. (Ref. 2.6); and
  - The International Finance Corporation (IFC) Performance Standards (PS) and World Bank Group EHS Guidelines, which underpin the OECD Common Approaches and EPIII (Ref. 2.7).

## 2.2 Corporate Policies

South Stream Transport has two policies that are relevant to this ESIA Report: a *Health and Safety, Security, and Environmental Policy*, and a *Corporate Social Responsibility and Sustainability Policy*. Both were signed into action by South Stream Transport's Chief Executive Officer (CEO) on 10 October 2013. The policy text is provided verbatim below and copies of the signed policies are available upon request.

### 2.2.1 Health and Safety, Security and Environmental Policy

The South Stream Transport *Health and Safety, Security and Environment Policy* is provided verbatim below.

*"South Stream Transport B.V. (South Stream Transport) aims to provide reliable and secure energy to the European market responsibly and sustainably whilst creating value for society. We will do this by creating a major new infrastructure through the Black Sea; a gas pipeline that is safe, reliable and efficient.*

*South Stream Transport is committed to integrating social, economic, environmental and governance considerations into the everyday conduct of our business as we design, build and operate the South Stream Offshore Pipeline.*

*We are committed to environmentally and socially responsible management, in accordance with national, international and EU legislation, and internationally recognised standards for health and safety, security and environmental and social performance.*

*Our guiding principles are to:*

- *Seek to achieve ZERO incidents and consequences related to health and safety, security and environment (HSSE);*
- *Ensure compliance with the requirements of applicable laws and regulations;*
- *Ensure compliance with applicable national and international standards and industry good practice;*



- *Set clear and transparent HSSE objectives and targets, and plan, implement and monitor performance in order to realise these goals;*
- *Prevent pollution and protect the environment by minimising adverse impacts throughout the project lifecycle;*
- *Manage construction and operational activities in a responsible and sustainable manner;*
- *Provide a safe and healthy workplace for employees, contractors and other persons to prevent injury or ill health, including definition of HSSE roles and responsibilities, measures to prevent injuries and ill health or minimise risks, information, instruction and training, and investigation of any incidents;*
- *Engage with Government and local authorities, Non-Governmental Organisations, local communities and members of the public, and other interested parties;*
- *Communicate and work closely with employees, contractors and other interested parties to ensure their understanding and shared commitment to conformance with this policy; and*
- *Ensure continual improvement of HSSE performance.*

*This corporate policy applies to all our staff and across all our business activities, it guides our strategy, management, decisions and actions, it is incorporated into the documents governing our relationships with our suppliers and contractors, and guides our relationships with joint venture and other business partners.*

*We recognize that leadership and commitment from senior management is an essential component of success, and we are committed to ensuring that all senior executives and directors of the Company are fully conversant with, and committed to, our policy and goals."*

## **2.2.2 Corporate Social Responsibility and Sustainability Policy**

The South Stream Transport Health and Safety, Security and Environment Policy is provided verbatim below.

*"South Stream Transport aims to provide reliable and secure energy to the European market responsibly and sustainably whilst creating value for society. We will do this by creating a major new infrastructure through the Black Sea - a gas pipeline that is safe, reliable and efficient.*

*South Stream Transport is committed to integrating social, economic, environmental and governance considerations into the everyday conduct of our business as we design, build and operate the South Stream Offshore Pipeline.*

*We are committed to good corporate citizenship in all the countries in which we operate, and intend to enter into transparent and respectful dialogue with our stakeholders enabling us to take their interests into account in our long term planning and everyday decision-making.*

*We aim to make the South Stream Offshore Pipeline safe, socially responsible and economically beneficial by:*

- *Contributing to reducing climate change by delivering natural gas as a clean and efficient fossil fuel;*

- *Preserving the Black Sea environment, biodiversity and avoid any irreversible impact;*
- *Minimising our negative impacts and enhancing our positive impacts on the environment and communities;*
- *Applying good international industry practice in assessing and addressing any potential impacts;*
- *Adhering to international construction and quality standards in design, building and operating the gas pipeline and promoting best international safety standards and reducing risks for employers and local communities; and*
- *Development of opportunities for employers, suppliers and the wider community.*

*Our guiding principles are to:*

- *Guaranteeing the sustainability of its activities by applying a long-term strategy, providing a coherent framework for innovation development as well as integrated risk management and risk prevention management strategy;*
- *Respecting internationally recognized Human Rights in our own operations and promoting the respect of the aforementioned rights with regard to activities assigned to or carried out with Business Partners and in our relationships with stakeholders; and*
- *Conducting business with loyalty, fairness, transparency, honesty, and integrity and in compliance with the laws, regulations, similar mandatory requirements, and international standards and guidelines, both domestic and foreign that apply to its business.*

*In operating, we shall respect the UN Global Compact Principles, including:*

- *Protection of international human rights;*
- *Rights to free association, collective bargaining and employment non-discrimination;*
- *Protection and preservation of the environment; and*
- *Elimination of corruption, including bribery and extortion.*

*This policy applies to all our staff and across all our business activities, it guides our strategy, management, decisions and actions, it is incorporated into the documents governing our relationships with our suppliers and contractors, and guides our relationships with joint venture and other business partners.*

*We recognize that leadership and commitment from senior management is an essential component of success, and we are committed to ensuring that all senior executives and directors of the Company are fully conversant with, and committed to, our policy and goals."*

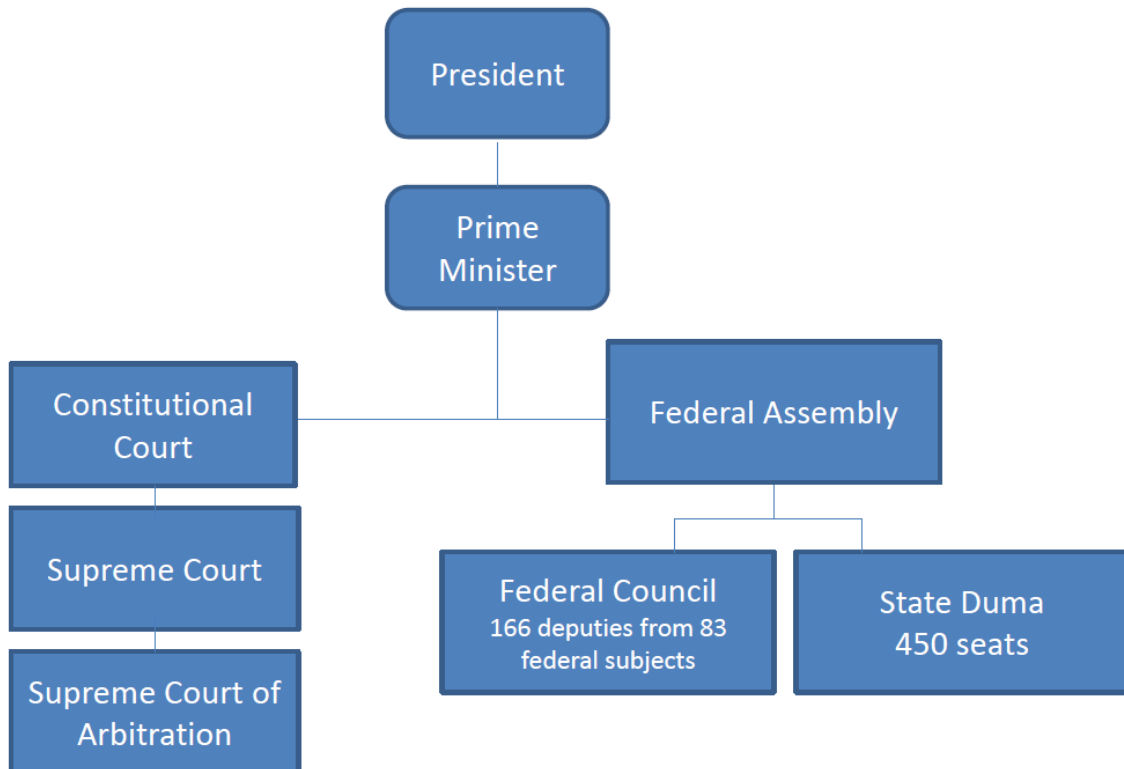
## 2.3 Overview of Russian Federation Regulatory and Administrative Structures

### 2.3.1 Federal Government Structure

The Russian Federation is structured as a multi-party representative democracy, with the federal government composed of three branches (Figure 2.1):

- **Legislative:** This is known as the Federal Assembly and is comprised of two houses, the 450-member State Duma and the 166 member Federal Council. It is responsible for adopting federal law, declaring war, approving treaties, and has budgetary authority and the power to impeach the President;
- **Executive:** The President is the commander-in-chief of the military and can veto legislative bills before they become law on the basis that such rulings do not contravene their constitution and federal laws already in place; and
- **Judicial:** This comprises the Constitutional Court, Supreme Court, Supreme Court of Arbitration and lower federal courts (Regional, District and Magistrate Courts). The Constitutional Court is the only judicial body with the ability to rule on the constitutional law and examine the interactions of the other courts. Judges are appointed by the Federal Council on the recommendation of the President.

**Figure 2.1 Russian Federal Government's Structure**



In general, the regional and federal state authorities follow a similar structure of administration, with regional government bodies reproducing the major features of federal government bodies. However, local government structures vary amongst municipalities with only general principles of organisation being established by federal and regional legislation.

### **2.3.2 Administrative Units**

The Russian Federation is made up of 83 federal administrative subjects (units), which are classified as territories (Krais), regions (Oblasts), cities of federal importance, autonomous regions and autonomous area (Ref. 2.7) (Figure 2.2). Each administrative unit is equally represented in the Federation Council, with two delegates each.

These federal administrative units are grouped together into eight federal districts. These federal districts were created in 2000 to assist in controlling laws and practices of the administrative units (Ref. 2.8). The administrative units are also grouped together into economic regions. Each economic region is made up of administrative units with comparative economic conditions (Ref. 2.9).

The landfall section of the Project lies within Krasnodar Krai, which is grouped within the Southern Federal District and within the North Caucasus economic region. The landfall section of the Project lies within Krasnodar Krai, which is grouped within the Southern Federal District and within the North Caucasus economic region.

### **2.3.3 Government Ministries, Agencies and Services**

National level government organisations (ministries, agencies, services) with EIA regulatory functions relating to the Project include:

- Ministry of Natural Resources and Environment (MNRE);
- Ministry of Regional Development;
- Federal service on customers' rights protection and human well-being surveillance; and
- Russian Federal Fisheries Agency (FFA).

Federal ministries, such as the MNRE, create policies and legislation and perform compliance assurance functions. The MNRE also coordinates and supervises the activities, within its jurisdiction, of the following (Ref. 2.10):

- Federal Service for Hydrometeorology and Environmental Monitoring;
- Federal Service for Supervision of Natural Resource Management (Rosprirodnadzor);
- Federal Agency for Water Resources (Rosvodresursy);
- Federal Agency for Subsoil Management (Rosnedra); and
- Federal Agency for Forestry (Rosleskhoz).

The federal services and agencies listed above supervise environmental management and issue licenses and permits for activities under their jurisdiction.

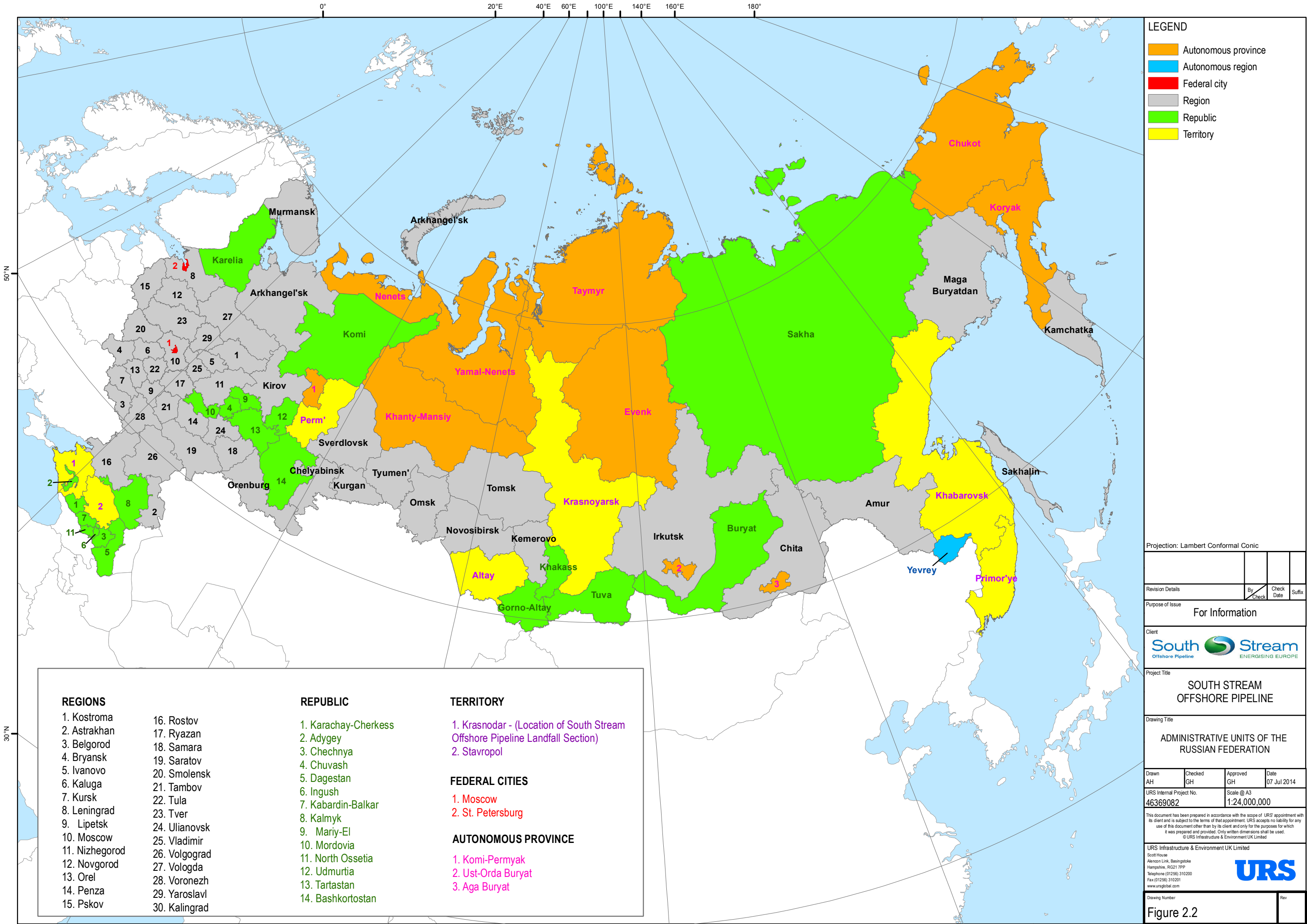


Figure 2.2

*This page has been left intentionally blank*

Federal ministries, such as the MNRE, create policies and legislation and perform compliance assurance functions. The MNRE also coordinates and supervises the activities, within its jurisdiction, of the following (Ref. 2.10):

- Federal Service for Hydrometeorology and Environmental Monitoring;
- Federal Service for Supervision of Natural Resource Management (Rospirodnadzor);
- Federal Agency for Water Resources (Rosvodresursy);
- Federal Agency for Subsoil Management (Rosnedra); and
- Federal Agency for Forestry (Rosleskhoz).

The federal services and agencies listed above supervise environmental management and issue licenses and permits for activities under their jurisdiction.

There is also a Russian Federal Service for Environmental, Industrial and Nuclear Supervision (Rostekhnadzor). Rostekhnadzor performs supervision of the following:

- Safe work practices relating to the use and protection of mineral resources;
- Industrial safety;
- Safe use of nuclear power;
- Safety of electrical and heating units and networks;
- Safety of hydroelectric facilities at industrial and power generation facilities; and
- Safety in production, storage and use of industrial explosives.

### 2.3.4 Hierarchy of Laws

The hierarchy of Russian Federation legislation can be summarised as follows:

- **Level 1:** *Federal Laws and Federal Codes* are created by the State Duma (the lower house of the Federal Assembly of Russia) and then adopted by the Federal Council of Russia (the upper house of the Federal Assembly of Russia);
- **Level 2:** Bylaws (includes three groups):
  - **Group 1:** *Presidential decrees and directives* – In accordance with Article 90 of the *Constitution of the Russian Federation* (Ref. 2.7), the Russian Federation President can issue decrees and directives. Decrees are legal acts that concern all jurisdictions. Directives are acts that concern specified entities;
  - **Group 2:** *Acts of the Government of the Russian Federation* – In accordance with Article 114 of the *Constitution of the Russian Federation* (Ref. 2.7), the powers of government are exercised via acts based on the *Constitution of the Russian Federation*, Federal Laws, and Presidential decrees and directives. Acts issued by the Government of the Russian Federation are binding throughout the entire territory of the Russian Federation; and
  - **Group 3:** *Acts of the Ministries and other executive federal / government agencies* – All environmental protection ministries and agencies have the right to issue legal and regulatory acts within the scope of their competence. Such acts are binding upon any



other ministries or agencies, individuals or legal persons, and are issued as orders, resolutions, instructions, rules, provisions, articles, and directives.

## **2.4 Federal Legislation**

### **2.4.1 The Constitution**

The *Constitution of the Russian Federation* came into force on 25 December 1993 (Ref. 2.7), following a national referendum. It is the primary and fundamental statement of law and is based on world standards for human rights and basic principles of democratic state-building, such as neutrality of the state, competitive elections, and separation of powers. The Constitution establishes a semi-presidential system, whereby the President is the head of state and the Prime Minister is the head of government.

The President is elected by popular vote for a six-year term and can be eligible for a second term. The President, with the parliament's approval, is responsible for appointing the Prime Minister. Government ministers (such as the Premier and his deputies) are also appointed by the President on the recommendation of the Prime Minister.

### **2.4.2 Environmental and Socio-Economic Legislation and Statutory Requirements**

Associated with legal requirements for EIA, is a range of statutory requirements and guidelines.

Russian environmental and social legislation applicable to the Project is outlined in Appendix 2.1. Any specific requirements arising out of this legislation that influence the impact assessment process are detailed in the relevant technical chapters of this ESIA Report. A Health, Safety, Security and Environment (HSSE) Legal Register has been produced for the Project which lists all legislation relevant to all stages of the Project, not only those covered within this ESIA Report. This HSSE register has formed the basis of Appendix 2.1 and the legislation detailed in each technical chapter of this ESIA Report.

#### **2.4.2.1 Legal Framework of the Sanitary Protection Area of Anapa**

The Resort town of Anapa was assigned the status of a federal resort by President Decree No. 1954 dated 22 September 1994 (Ref. 2.11). It was given this status due to its recreational value as a 'health improving' (spa) resort area.

The original boundaries of the area were established by Decree of the Council of Ministers of the Soviet Union dated 30 January 1985, No. 45 (Ref. 2.12). The Decree specifies the overall boundary of the area and three distinct zones with different levels of protection, detailed below:

- **First Exclusion Zone:** within this zone, the only permitted works are those associated with the therapeutic use of the natural resources. All commercial activities not connected to the natural resources of the area or which may cause an adverse impact on the area are prohibited;



- **Second Limitation Zone:** within this zone, construction is allowed for works that are directly related to the development and improvement of the natural resources of the area. All activities that could cause pollution to soil, water and air, damage to forests, green areas, increase erosion processes or adversely impact any natural health resources (water bodies etc.) are prohibited; and
- **Third Monitored Zone:** within this zone, works which do not adversely impact the natural resources and the sanitary conditions of the resort are permitted.

The Project had initially been located within zones 1, 2 and 3 of the sanitary protection area of Anapa. To allow construction of the pipelines, an application to change the boundaries of this area was made and approved by the Russian Federal Government Decree No. 1087 dated 22 October 2012 'on the partial change of Decree of the Council of Ministers of Russian Soviet Federative Socialist Republic (RSFSR) No.45 of 30 January 1985' (Ref. 2.12).

Although the Project no longer falls within any of the sanitary protection area zones, the proximity of this protected area has been considered in the relevant technical chapters of this ESIA Report, including **Chapter 8 Terrestrial Soil and Groundwater, Chapter 9 Air Quality, Chapter 10 Noise and Vibration, Chapter 11 Terrestrial Ecology and Biodiversity, Chapter 12 Marine Ecology and Chapter 17 Ecosystem Services**. The revised boundaries of the sanitary protection area are shown in Figure 2.3.

The restrictions associated with these three zones were specified by the Russian Federation Government Decree No. 1425 dated 07 December 1996 (Ref. 2.13).

#### 2.4.2.2 Anapa Bank

The Anapa Bank was initially designated as a restricted fishing area in 1986 by a Decree of the Ministry of Fisheries of the Union of Soviet Socialist Republics (USSR), No. 321, 18 June 1986 (Ref. 2.14). The 1986 Decree imposed a ban on trawl fishing to ensure that there was a steady supply of fish for a fish farm that was planned at the Utrish state nature reserve. The proposed offshore pipelines of the Project fall within the Anapa Bank as shown in Figure 2.4.

The originally designated area of Anapa Bank included a deeper water section on the continental shelf (heading onto the continental slope<sup>1</sup>), in which trawling for species such as anchovy and sprat was seasonally restricted. However, the geographic area was reduced to 730 km<sup>2</sup> by the Resolution of the Scientific Fishery Council of the Azov and Black Sea Basin in 1999 (Ref. 2.15). Fishing with stationary nets with a mesh size more than 50 mm is also forbidden in the Anapa Bank.

In 2011, the fishing ban was further relaxed to allow trawling of sprat and anchovy in certain areas, with seasonal restrictions to enable the replenishment of fish stocks. The Order of Roslybolovstvo No. 16, issued on 14 January 2011 (Ref. 2.16), specifies periods of the year and the water depths in which trawling for sprat and anchovy is permitted:

---

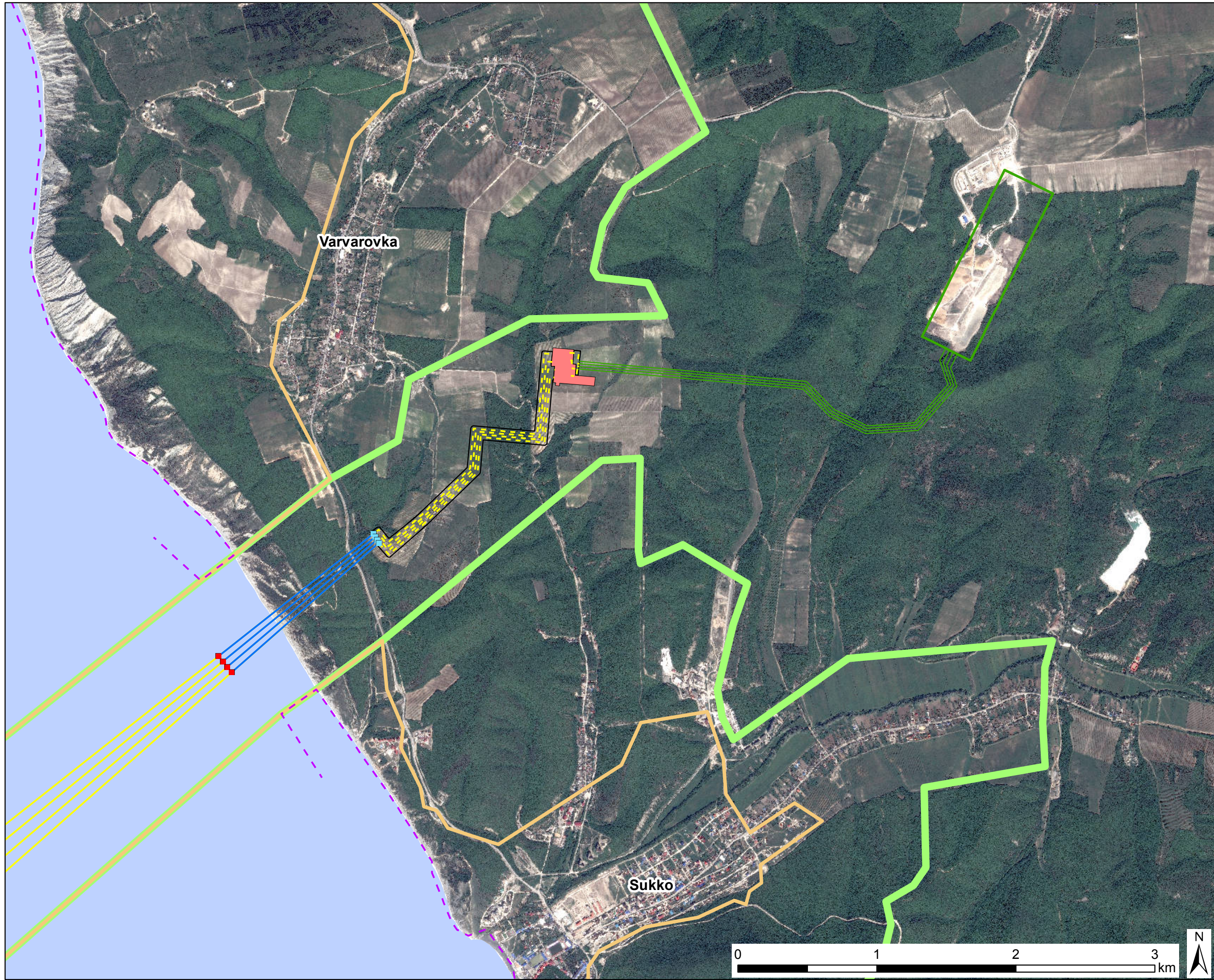
<sup>1</sup> The continental slope is part of the continental margin, which is the area between the continental shelf and the abyssal plain and comprises a steep continental slope followed by the flatter continental rise.

- For sprat, between 1 July and the 30 September in water depths of more than 40 m; and
- For anchovy, between 1 October and the 15 March in water depths of more than 20 m.

The Ministry of Fisheries administers these restrictions over Russian legal entities, individual entrepreneurs and citizens who practice fishing within the Anapa Bank, and the internal waters of the Russian Federation, through the issuing of fishing permits to all operating fishing vessels. The current boundaries of the Anapa Bank are shown in Figure 2.4.



Plot Date: 04 Mar 2014  
File Name: I:\9004 - Information Systems\46369082\_South\_Stream\MXD\Report Maps - Russian\Russian ESI\Chapter 2 Russian Legislation\Figure 2.3 Anapa Sanitary Protection Area Boundaries.mxd



**LEGEND**

The boundary of the first area of sanitary protection zone (exclusion zone)

The boundary of the second area of sanitary protection zone (limitation zone)

The boundary of the third area of sanitary protection zone (monitored zone)

**Russian Sector of South Stream Offshore Pipeline**

Proposed landfall section pipelines

Landfall facilities

Proposed microtunnels

Proposed offshore pipelines

Right of way

Microtunnel entry shaft


Microtunnel exit pit


**United Gas Supply System**

United Gas Supply System pipelines

Russkaya compressor station

Projection: Lambert Conformal Conic

Revision Details	By	Check	Suffix
Purpose of Issue	Check	Date	
For Information			
Client			
			
Project Title			
SOUTH STREAM OFFSHORE PIPELINE			
Drawing Title			
ANAPA SANITARY PROTECTION AREA BOUNDARIES			
Drawn	Checked	Approved	Date
DH	RW	MW	04 Mar 2014
URS Internal Project No.		Scale @ A3	
46369082		1:25,000	
<small>This document has been prepared in accordance with the scope of URS' appointment with its client and is subject to the terms of that appointment. URS accepts no liability for any use of this document other than by its client and only for the purposes for which it was prepared and provided. Only written dimensions shall be used. © URS Infrastructure &amp; Environment UK Limited</small>			
<small>URS Infrastructure &amp; Environment UK Limited Scott House Newson Link, Basingstoke Hampshire, RG21 7PP Telephone (01256) 310200 Fax (01256) 310201 www.ursglobal.com</small>			
Drawing Number			Rev
Figure 2.3			





*This page has been left intentionally blank*

#### **2.4.2.3 Relevant Legislation for Permitting**

The procedure for obtaining a construction permit is governed by Article 51 of the Town Planning Code of the Russian Federation dated 29 December 2004, No.190-FL (Ref. 2.17).

Once the national EIA has been approved, South Stream Transport will apply for a construction permit which states the conformity of Project documentation with the requirements of the relevant territorial planning system. The construction permit provides the builder with the right to undertake construction, reconstruction of capital development, as well as capital repairs; except for cases stipulated by the Town Planning Code of the Russian Federation.

Offshore construction within the EEZ requires a construction permit issued by a federal executive body. A construction permit within an area which is not subject to town planning regulations or for which urban regulations are not established can be issued by a federal executive body, by an executive authority of the Russian Federation or by a competent local authority.

#### **2.4.2.4 Relevant Legislation for the Offshore Section of the Project**

Legislation relevant for the offshore section of the Project includes:

- Russian Federation Law "On Russian Exclusive Economic Zone, Territorial Waters and Adjacent Offshore Areas of the Russian Federation", No. 155-FZ, 31 July 1998 (Ref. 2.18);
- Water Code of the Russian Federation No. 74-FZ, 3 June 2006 (Ref. 2.19);
- Russian Federation Law "*On the Continental Shelf of the Russian Federation*", No. 187-FZ, 30 November 1995 (Ref. 2.20);
- Russian Federation Government Order "On Approval of the Procedure for the Construction of Underwater Cables and Pipelines in the Internal Maritime Waters and Territorial Sea of the Russian Federation", No. 68, 26 January 2000 (Ref. 2.21);
- Russian Federation Government Enactment "*On the Adoption of Issuing Permits for Underwater Cabling and Piping on the Continental Shelf*", No. 417, 9 June 2010 (Ref. 2.22);
- Russian Federation Government Enactment "*On the List of Facilities Subject to Federal Environmental Control*", No. 85, 16 February 2008 (Ref. 2.23);
- Russian Federation Law "*On State Border of the Russian Federation*", No. 4730-1, 1 April 1993 (Ref. 2.24);
- Russian Federation Government Enactment "*On Procedure for Adoption of Permissible Standards of Substances and Microorganisms Discharge into Water Bodies for Users of the Water Bodies*", No. 469, 23 July 2007 (Ref. 2.25);
- Russian Federation Government Order "*On Adoption the List of Harmful Substances Prohibited to Discharge from Ships and Other Watercrafts, Aircrafts, Artificial Islands, Installations and Structures in the Exclusive Economic Zone of the Russian Federation*", No. 251, 24 March 2000 (Ref. 2.26);

- Russian Federation Government Order “*On Approval of the Permissible Concentrations Limits and Conditions for Discharge of Harmful Substances in the Exclusive Economic Zone of the Russian Federation*” (as amended) No. 748, 3 October 2000 (Ref. 2.27); and
- Russian Federation Government Order “*On Approval of the Order of Construction, Operation and Use of Artificial Islands, Structures and Plants in Internal Waters and Territorial Sea of Russian Federation*”, No. 44, 19 January 2000 (Ref. 2.28).

### 2.4.3 EIA and Associated Legislation

The EIA process in the Russian Federation is controlled at the national level by the following laws:

- Article 32 of the Federal Law ‘*On Environmental Protection*’, No. 7-FZ, 10 January 2002 (Ref. 2.29); and
- ‘*Regulations on Environmental Impact Assessment*’ sanctioned by the Goskomekologii (the former State Committee for Environment Protection which was responsible for environmental regulation and protection in Russia until it was dissolved in 2000) (Ref. 2.30) of the Russian Federation in Order No. 372 dated 16 May 2000, and registered in the Russian Federation Ministry of Justice, No. 2302, 04 July 2000 (Ref. 2.31).

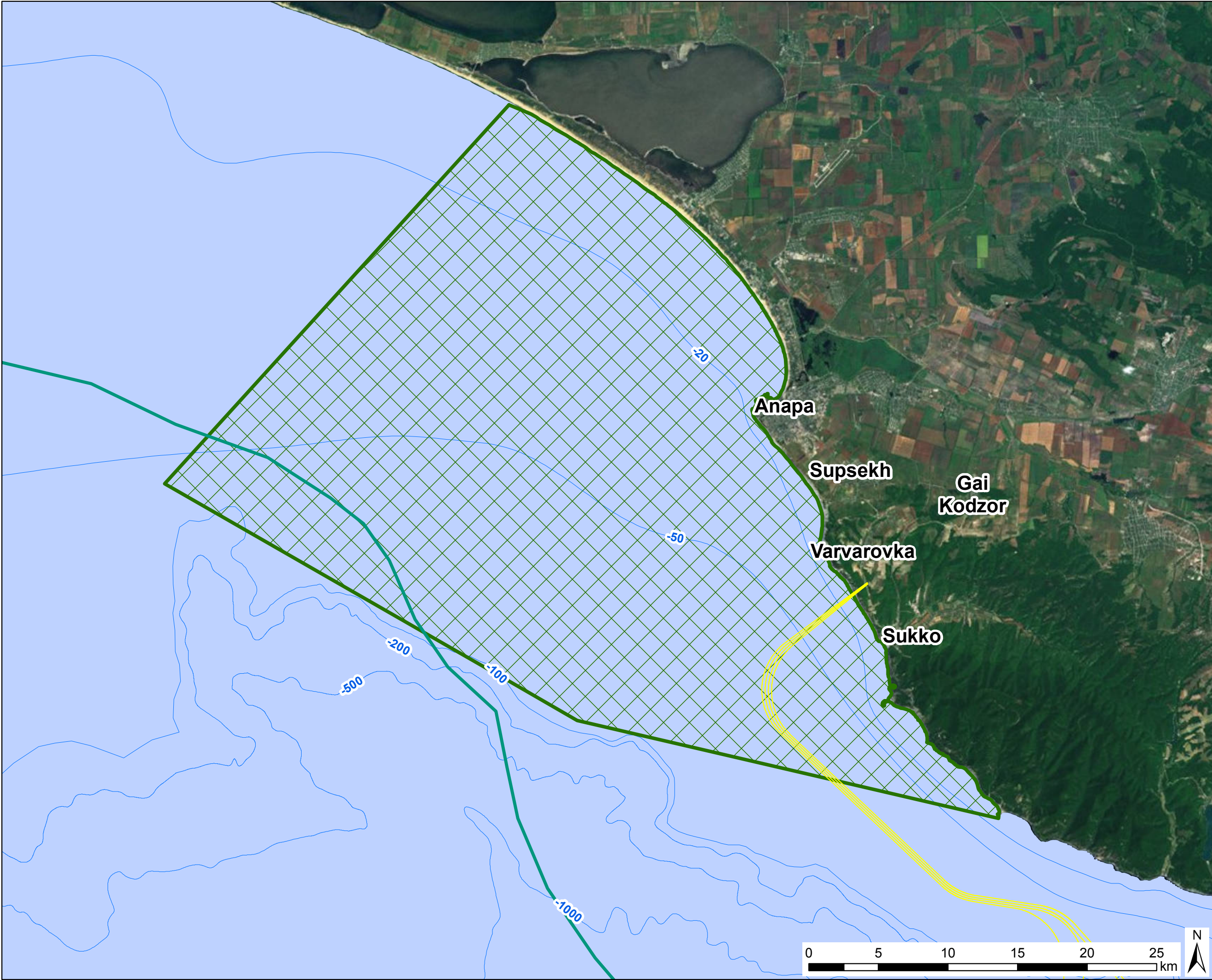
According to Order No. 372, the Russian Federation EIA process comprises three main stages:

- **Stage 1:** Preliminary Stage, includes notification, pre-assessment to support the development of Terms of Reference (ToR) for EIA, and consultations on the ToR;
- **Stage 2:** EIA Study, includes the development of a Draft EIA Report, disclosure of the Draft EIA to the public for information, and Public Hearings to consult public opinion; and
- **Stage 3:** Finalisation of the EIA Report, taking into consideration the results of public consultation.

The requirements of Order No. 372 are often read in association with the City Planning Code, No. 190-FZ (adopted 29 December 2004) (Ref. 2.17) and with Governmental Order No. 87 (Ref. 2.32) which clarifies the requirements for the Project Design Documentation (the ‘Proekt’).



Plot Date: 04 Mar 2014  
File Name: I:\9004 - Information Systems\46369082\_South\_Stream\MXD\Report Maps - Russian\Russian ESIA\Chapter 2 Russian Legislation\Figure 2.4 Anapa Bank Boundary.mxd



**LEGEND**  
**Russian Sector of South Stream Offshore Pipeline**  

Proposed offshore pipelines

Anapa Bank

Russian territorial waters boundary

Isobaths

Projection: Lambert Conformal Conic

Revision Details		By	Check	Date	Suffix
Purpose of Issue		For Information			

Client  
**South Stream**  
Offshore Pipeline ENERGISING EUROPE

Project Title  
**SOUTH STREAM OFFSHORE PIPELINE**

Drawing Title  
**ANAPA BANK BOUNDARY**

Drawn DH	Checked RW	Approved MW	Date 04 Mar 2014
-------------	---------------	----------------	---------------------

URS Internal Project No.  
**46369082**

Scale @ A3  
1:250,000

This document has been prepared in accordance with the scope of URS' appointment with its client and is subject to the terms of that appointment. URS accepts no liability for any use of this document other than by its client and only for the purposes for which it was prepared and provided. Only written dimensions shall be used.  
© URS Infrastructure & Environment UK Limited

URS Infrastructure & Environment UK Limited  
Scott House  
Aston Link, Basingstoke  
Hampshire, RG21 7PP  
Telephone (01256) 310200  
Fax (01256) 310201  
www.ursglobal.com

Drawing Number <b>Figure 2.4</b>	Rev
-------------------------------------	-----

*This page has been left intentionally blank*



Under Russian Federation requirements<sup>2</sup>, the Final EIA Report, the Environmental Protection Measures, and Environmental Monitoring Programme are usually incorporated under Section 7 of the Project Design Documentation for linear facilities. For context, paragraphs 34-42 of Order No. 87 require that Project Design Documentation for linear infrastructure include ten sections:

- Section 1: Explanatory Note;
- Section 2: The Project Right of Way (RoW);
- Section 3: Technological and Design Solutions of Linear Objects and Artificial Structures;
- Section 4: The Buildings, Structures and Facilities that are Included in the Infrastructure of the Linear Object;
- Section 5: Project Construction Management;
- Section 6: Project Organization Demolition (Dismantling) of a Linear Object;
- Section 7: Measures on Environmental Protection;
- Section 8: Fire Safety Measures;
- Section 9: Construction Budget; and
- Section 10: Other Documentation in the Cases Stipulated by Federal Law.

#### **2.4.3.1 Russian Authority Review and Approval Process**

The main law that prescribes the review and approval process is the Russian Federation Urban Planning Code, No. 190-FL of 29 December 2004 (Ref. 2.17). Law 190-FL requires that Project Design Documentation should pass through State Environmental Expert Review (SEER) and State Expert Review (SER) (Article 49) in cases where the planned activity is within the Continental Shelf, Territorial Sea or EEZ. The requirements for SEER are provided in:

- Federal law "*On Environmental Expert Assessment*", No. 174-FZ of 23 November 1995 (Ref. 2.33).

SEER requires, as part of documentation submitted for their review, decision and recommendations of Federal Fisheries Authority (FFA). The requirements for FFA review and approval are provided in Federal law "*On Fisheries and the Protection of Water Bio-resources*", No. 166-FZ of 20 December 2004 (Ref. 2.34), and associated Russian Federation Government regulation No. 569 of 28 July 2008 (Ref. 2.35).

In summary, these laws require:

1. Review and approval of fish damage calculations and mitigation measures for aquatic bio-resources by the Federal Fisheries Authority ('Rosrybolovstvo');

---

<sup>2</sup> Governmental Order No.87, 16 February 2008. On "The Composition of Design Documentation and Requirements for Content" (Ref 2.32).

2. Review and approval of the offshore design documentation by the State Environmental Expert Review ('Ecologicheskaya Expertiza'); and
3. Review and approval of the whole design documentation by the State Expert Review ('Glavgosexpertiza').

The review and approval process takes place consecutively in this order.

#### **2.4.3.2 History of the Project with Reference to National Requirements**

With reference to the above legal frameworks, the history of the Project to date can be summarised as follows:

##### *Stage 1: Preliminary Stage of Project Elaboration (Feasibility Study):*

- In April 2010, prior to establishment of South Stream Transport A.G. and South Stream Transport B.V.<sup>3</sup>, Gazprom submitted a Declaration of Intent for the Project to the Krasnodar Krai Administration;
- On behalf of Gazprom, DIEM prepared a Preliminary EIA<sup>4</sup> as part of a feasibility study that was reviewed and approved by State Environmental Expert Review on 24 September 2010. In summary, SEER concluded that the Feasibility Study and Preliminary EIA complied with regulatory requirements of the Russian Federation; SEER considered the predicted environmental impacts as acceptable; and SEER made recommendations for consideration during the detailed design process and production of the Final EIA Report; and
- South Stream Transport A.G. was then established on 03 October 2011 and became the new proponent of the South Stream Offshore Pipeline.

##### *Stage 2: Development of Project Design Documentation, including EIA according to ToR*

During 2012 and 2013, Peter Gaz prepared design documentation for Russian Federation approvals:

- Based on the Preliminary EIA, South Stream Transport prepared a draft ToR for the Project EIA. The ToR was disclosed for public comment in July 2012, and the ToR was finalised in August 2012. The Final ToR for the Project can be found in Russian on the South Stream Transport website at [www.south-stream-offshore.com](http://www.south-stream-offshore.com);
- EIA studies were undertaken in accordance with the ToR;
- South Stream Transport moved headquarters from Switzerland to The Netherlands; South Stream Transport B.V. was established on 14 November 2012 and formally became the new proponent of the South Stream Offshore Pipeline;

---

<sup>3</sup> Previously, the Project was developed by Gazprom during 2009-2011, and then by South Stream Transport AG during 2011-2012. South Stream Transport then moved its head office from Switzerland to the Netherlands and established South Stream Transport B.V. in November 2012.

<sup>4</sup> Note that a Preliminary EIA was not required to be submitted for SEER review and approval by prevailing legislation. It was Gazprom's voluntary initiative to obtain a preliminary opinion from SEER.

- Sediment dispersion modelling was performed, fish damage calculations prepared, and mitigation measures for aquatic bio-resources were designed in accordance with requirements. The "FFA Package" was submitted to the FFA on 17 April 2013, and was approved by the FFA on 30 May 2013, and by the Azov – Black Sea Territorial Administration (regional branch of FFA) on 16 July 2013; and
- The Draft EIA Report was disclosed for public comment on 29 April 2013, more than 30 days prior to the public hearing that took place in Anapa on 31 May 2013. The public disclosure and public hearing provided opportunities for the public and any non-statutory stakeholders to express their opinions on the Project, and were conducted in conformance with procedures required by Order No. 372.

### *Stage 3: Finalisation of the EIA Report*

- The Offshore EIA was finalised by Peter Gaz in July 2013 taking into consideration the results of public disclosure and hearing. The Onshore EIA was finalised by Peter Gaz in November 2013.

Results of the national EIA, the Environmental Protection Measures, and Environmental Monitoring Programme were incorporated under Section 7 of the Proekt in accordance with Governmental Order No. 87. Project Design Documentation for the marine area (Ref. 2.32), together with FFA approval, was submitted to SEER on 22 July 2013. Approval of the documentation for the offshore component of the Proekt was issued by SEER on 28 October 2013. Project Design Documentation was submitted to SER, in late November to early December 2013. Approval was granted by SER on 13 March 2014.

## **2.5 Local and Regional Legislation**

This section describes the local and regional legislation of relevance to the Project. Key legislation relevant to the Project is described below. A detailed listing of all legislation is included in Appendix 2.2.

### **2.5.1 Cultural Heritage Sites of Regional Importance**

Law No. 313-KZ of the Krasnodar Krai on "*Immovable Historical and Cultural Monuments of Historical and Cultural Regional Importance, situated in Krasnodar Krai*" dated 17 August 2000 (Ref. 2.36), sets out an approved list of cultural heritage sites located within Krasnodar Krai. These sites are also included in the 'United States Registry of the Cultural Heritage Sites' as sites of regional importance. Law of the Krasnodar Krai No. 2316-KZ dated 19 July 2011 "*On the Designated Areas and Protection Zones of Immovable Cultural Heritage (Historical And Cultural Monuments) of Regional and Local Value Located in the Krasnodar Region*" (Ref. 2.37) specifies the procedure for changing the protection status of the sites, requirements and limitations of land use associated with the cultural heritage objects, and outlines protection measures including appropriate exclusion zones.

## 2.5.2 Red Data Book of the Krasnodar Krai

The Decree of the Head of the Administration for Krasnodar Krai, 'On the Red Data Book of Krasnodar Krai', dated 21 December 2010 No.1202 (Ref. 2.38), outlines protection principles for the Red Data Book of Krasnodar Krai, as well as the procedure for keeping records and the protection categories of the listed species.

The Krasnodar Red Data Book provides information with regards to the conservation importance or rarity of species, their taxonomy and their distribution. Species listed are assigned a code based on their level of conservation concern and degree of threat. This scale comprises the following categories:

- *Probably Extinct* – Taxa and populations that inhabited Russian territory (or marine area) in the past and whose presence has been not confirmed in 50 years;
- *Endangered* – Taxa and populations whose abundance has decreased down to critical levels so that they can become extinct in the near future;
- *Decreasing Number* – A species identified as being 'Vulnerable' is considered to be facing a high risk of extinction in the wild;
- *Rare* – An 'Endangered' species that is considered to be facing a very high risk of extinction in the wild;
- *Uncertain Status* – A 'Critically Endangered' species that is considered to be facing an extremely high risk of extinction in the wild; and
- *Rehabilitated and Rehabilitating* – Taxa and populations whose number and distribution is recovered or recovering due to the undertaking of protective measures. They are close to the state of stable existence without any urgent measures on protection and rehabilitation.

These categories are aligned with those used by the Red Data Book of the Russian Federation, and are comparable to categories of the IUCN Red List. **Chapter 3 Impact Assessment Methodology, Chapter 11 Terrestrial Ecology, and Chapter 12 Marine Ecology** describe how these classifications have been used in determining the species sensitivity within the impact assessment process.

## 2.6 International and Regional Environmental and Social Conventions and Treaties

Russia has ratified international conventions regarding environmental protection, sustainable development, socio-economics and human rights. Table 2.1 outlines the conventions and protocols relevant to the Project.

### 2.6.1 Espoo Convention

The UNECE Convention on Environmental Impact Assessment in a Transboundary Context, 1991 (Espoo Convention) came into force internationally on 10 September 1997 (Ref. 2.43).

The main objective of the Convention is to promote environmentally sustainable economic development, as a preventive measure against transboundary environmental degradation. The Espoo Convention stipulates obligations of parties to assess transboundary environmental impacts of a project in the early planning stages. It also specifies the obligation of Parties of Origin (parties under whose jurisdiction a planned activity is due to take place) to notify and consult Affected Parties (parties anticipated to be affected by transboundary impacts of a proposed activity) when a project in their territory is likely to have a significant adverse transboundary impact. Parties of origin can ask the developer to undertake further public consultation, in addition to normal EIA requirements.

The Russian Federation signed the Espoo Convention in 1991; however it has yet to be ratified. Nevertheless, in line with IFC Performance Standards, transboundary impacts have been assessed in **Chapter 21 Transboundary Impact Assessment**.

## **2.6.2 Bucharest Convention**

The Convention on the Protection of the Black Sea Against Pollution (Bucharest 1992), also referred to as the Bucharest Convention, was signed and ratified by the Russian Federation, Georgia, Ukraine, Romania, Bulgaria and Turkey.

The basic objective of the Bucharest Convention is to ensure that the contracting parties implement the necessary legislation in order to reduce and control the pollution in the Black Sea and to protect and preserve its marine environment. The Convention also provides a legal framework for co-operation and coordination of the signatory parties.

The Bucharest Convention foresees an obligation on Signatory Parties to assess the impact of and notify the results of this assessment to the Black Sea Commission for any activity under the jurisdiction of that party which may cause substantial pollution or significant and harmful changes to the environment of the Black Sea. Mitigating measures should also be communicated.

South Stream Transport met with the Permanent Secretariat of Black Sea Commission in November 2012 to inform them about the Project and the national EIA and ESIA being undertaken in Russia, Turkey and Bulgaria for the South Stream Offshore Pipeline (further information is provided in **Chapter 6 Stakeholder Engagement**). It should be noted, however, that the obligation to notify activities that may significantly impact the environment of the Black Sea is the responsibility of the national governments of the respective signatory parties rather than the responsibility of the project owner.

**Table 2.1 International Conventions and Protocol's Relevant to the Project**

Convention	Status	Reference	Purpose / Relevance to the Project
<i>Environment</i>			
Convention Concerning the Protection of the World Cultural and Natural Heritage, 1972	Ratified (1988)	Ref. 2.39	The Convention confirms the protection and preservation of the world's cultural and natural heritage. / There may be disturbance to cultural / natural heritage sites in the Project Area.
Convention for the Protection of the Ozone Layer (Vienna Convention), 1985	Ratified (1986)	Ref. 2.40	The Convention aims to ensure global co-operation for the protection of the Ozone Layer. / The Project should aim to reduce or eliminate emissions of manmade ozone depleting substances.
Convention on Biological Diversity (Rio), 1992	Ratified (1995)	Ref. 2.41	The Convention promotes conservation of biological diversity and sustainable use of its components. / The Project pipeline corridor and temporary facilities will impact habitats.
Convention on Environmental Impact Assessment in Transboundary Context (Espoo Convention), 1991	Signed not ratified (1991) See Section 2.7	Ref. 2.42	The Convention obliges parties to assess transboundary impacts. / The Project will have transboundary impacts.
Convention on Long-Range Transboundary Air Pollution (Geneva Convention), 1979	Ratified (1980)	Ref. 2.43	The Convention agrees to reduce and prevent transboundary air pollution. / The Project will produce air pollution that may be transboundary.

*Continued...*

Convention	Status	Reference	Purpose / Relevance to the Project
Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (Basel Convention), 1992	Ratified (1995)	Ref. 2.44	The Convention regulates the transboundary movements of hazardous wastes and provides obligations to its Parties to ensure that such wastes are managed and disposed of in an environmentally sound manner. / The Project may generate hazardous wastes.
Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention), 1972	Ratified (1975)	Ref. 2.45	The Convention controls pollution of the sea by dumping, and to encourage regional agreements supplementary to the Convention. / The Project will generate offshore wastes.
Convention on the Protection of the Black Sea Against Pollution (Bucharest Convention), 1992	Ratified (1993)	Ref. 2.46	The Convention is an agreement on controlling land-based pollution, waste, and accidents (e.g. spills). / The Project will produce land-based pollution and waste.
Convention on the Transboundary Effects of Industrial Accidents (Helsinki Convention), 1992	Ratified (1994)	Ref. 2.47	The Convention sets measures to protect human beings and the environment against the effects of industrial accidents, and to promote active international cooperation between the contracting parties before, during and after such accidents. / The Project may have industrial accidents and is transboundary.
Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar), 1971	Ratified (1976)	Ref. 2.48	The Ramsar Convention promotes the importance of the ecological functions of wetlands. / The Project's onshore facilities may impact on wetlands.

*Continued...*

Convention	Status	Reference	Purpose / Relevance to the Project
International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 (MARPOL Convention) Annex I – VI	Ratified (1985)	Ref. 2.49	The Convention covers the prevention of pollution of the marine environment by ships from operational or accidental causes. Annex I includes regulations for the Prevention of Pollution by Oil. Annex II includes regulations for the Control of Pollution by Noxious Liquid Substances in Bulk. Annex III includes regulations for the Prevention of Pollution by Harmful Substances Carried by Sea in Packed Form. Annex IV includes regulations for the Prevention of Pollution by Sewage from Ships. Annex V includes regulations for the Prevention of Pollution by Garbage from Ships. Annex VI includes regulations for the Prevention of Air Pollution from Ships. / The Project will generate pollution from vessels used during offshore construction.
International Convention on Civil Liability for Bunker Oil Pollution Damage (BUNKER), 1978	Ratified (1984)	Ref. 2.50	The Convention aims to ensure that adequate, prompt, and effective compensation is available to persons who suffer damage caused by spills of oil, when carried as fuel in ships' bunkers. / Accidents may result in spills to sea from vessels during construction and operation.
International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC), 1990	Ratified (2009)	Ref. 2.51	The Convention sets the requirement for all ships to carry a shipboard oil pollution emergency plan (SOPEP) and to report incidents of pollution to coastal authorities and the convention details the actions that are then to be taken. / For vessels over 400 tons to be used during the Project will need to carry a SOPEP and comply with regulations in this Convention should any spills occur.
Protocol to the United Nations Framework on Climate Change (Kyoto Protocol), 1997	Ratified (2004)	Ref. 2.52	The Protocol introduces emission targets. / The Project will form part of Russia's total emissions output.
United Nations Framework Convention on Climate Change (UNFCC), 1992	Ratified (1994)	Ref. 2.53	The Convention seeks to reduce climate change. / The Project will produce emissions.

*Continued...*



Convention	Status	Reference	Purpose / Relevance to the Project
Stockholm Convention on Persistent Organic Pollutants	Ratified (2011)	Ref. 2.54	To ensure the limitation of pollution by persistent organic pollutants (POPs), the Convention defines the substances in question, while leaving open the possibility of adding new ones, and it also defines the rules governing the production, importing and exporting of those substances. / Substances covered by this convention may potentially be used on this Project and guidance or restrictions governing these substances will be adhered to.
<i>Labour</i>			
International Labour Organization (ILO) Convention (No.29) on Forced Labour	Ratified (1956)	Ref. 2.55	The Convention adopts proposals to eliminate forced or compulsory labour. / The Project will need to employ people and recognise these principles.
ILO Convention (No. 87) on Freedom of Association and Protection of the Right to Organize	Ratified (1956)	Ref. 2.55	The Convention protects the right to freedom of association and protection of right to organise. / The Project will need to employ people and recognise these principles.
ILO Convention (No.98) on the Right to Organize and Collective Bargaining	Ratified (1956)	Ref. 2.55	The Convention determines that workers shall have protection from discrimination and interference. / The Project will need to employ people and recognise these principles.
ILO Convention (No.100) on Equal Remuneration	Ratified (1956)	Ref. 2.55	The Convention adopts proposals on the principle of equal remuneration for men and women for work of equal value. / The Project will need to employ people and recognise these principles.

*Continued...*

Convention	Status	Reference	Purpose / Relevance to the Project
ILO Convention (No.105) on the Abolition of Forced Labour	Ratified (1998)	Ref. 2.55	The Convention stipulates that all parties shall eliminate and will not make use of any form of compulsory or forced labour. / The Project will need to employ people and recognise these principles.
ILO Convention (No.111) on Discrimination (Employment and Occupation)	Ratified (1961)	Ref. 2.55	The Convention promotes equality of opportunity and treatment in employment and occupation. / The Project will need to employ people and recognise these principles.
ILO Convention (No.138) on Minimum Age (of Employment)	Ratified (1979)	Ref. 2.55	The Convention pursues the abolition of child labour and increases the minimum age for admission to employment. / The Project will need to employ people and recognise these principles.
ILO Convention (No. 182) on the Worst Forms of Child Labour	Ratified (2003)	Ref. 2.55	The Convention obliges parties to take effective measures to prohibit and eliminate the worst forms of child labour. / The Project will need to employ people and recognise these principles.
ILO Convention (No. 98) Concerning the Application of the Principles of the Right to Organize and Bargain Collectively	Ratified (1956)	Ref. 2.55	The aim of the Convention is to establish the rights of union members to organise independently, without interference by employers. / The Project will need to employ people and recognise these principles.
UN Convention on the Rights of the Child, Article 32.1	Ratified (1990)	Ref 2.56	The aim of the Convention is to set standards for the defence of children against the neglect and abuse they face to varying degrees in all countries every day and it allows for different cultural, political and material realities among states with the most important consideration being the best interest of the child. / The project will adhere to these standards in regards to local project affected communities.

*Continued...*

Convention	Status	Reference	Purpose / Relevance to the Project
UN Convention to Suppress the Slave Trade and Slavery, 1926	Party to	Ref. 2.57	The Convention undertakes to prevent and suppress the slave trade and to progressively bring about the complete elimination of slavery in all its forms. / The Project will need to employ people and recognise these principles. (See also IFC PS4 paragraph 22 – Forced Labour)
<i>Socio-Economic and Human Rights</i>			
International Covenant on Economic, Social and Cultural Rights, 1966	Ratified (1973)	Ref. 2.58	The Convention promotes equal rights of men and women to enjoy all economic, social and cultural rights. / The Project will need to employ people and recognise these principles.
UN Convention on the Elimination of All Forms of Discrimination against Women, 1979	Ratified (1981)	Ref. 2.59	The Convention sets out agenda to end discrimination against women. / The Project will need to employ people and recognise principles of equality of men and women.
UN Convention on the Rights of Persons with Disabilities, 2006	Ratified (2012)	Ref. 2.60	The Convention promotes non-discrimination and equality of opportunity. / The Project will need to employ people and recognise these principles.
International Convention on the Elimination of All Forms of Racial Discrimination, 1966	Ratified (1969)	Ref. 2.61	The Convention undertakes to eliminate racial discrimination in all its forms and promote understanding. / The Project will need to employ people and recognise these principles.
Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others, 1950	Ratified (1954)	Ref. 2.62	The Convention requires state signatories to punish any person who "procures, entices or leads away, for purposes of prostitution, another person, even with the consent of that person", "exploits the prostitution of another person, even with the consent of that person" / The Project will need to employ people and recognise that all employees must adhere to these principles.

*Continued...*

Convention	Status	Reference	Purpose / Relevance to the Project
European Convention for the Protection of Human Rights and Fundamental Freedoms	Ratified (1998)	Ref. 2.63	The Convention is designed to protect human rights and fundamental freedoms in Europe. / The Project will need to employ people and recognise these principles.
UN Convention on the Political Rights of Women, 1953	Ratified (1954)	Ref. 2.64	The Convention gives women the right to vote or hold office, as established by national law, on equal terms with men and without discrimination on the basis of sex. / The Project will need to employ people and recognise these principles.
Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery	Ratified (1957)	Ref. 2.65	The Convention bans debt bondage, serfdom, early and servile marriage and child servitude. / The Project will need to employ people and recognise these principles.
UN Convention on the Elimination of All Forms of Racial Discrimination	Ratified (1969)	Ref. 2.66	The Convention commits its members to the elimination of racial discrimination and the promotion of understanding among all races. / The Project will need to employ people and recognise these principles.
UN Covenant on Civil and Political Rights	Ratified (1973)	Ref. 2.67	The Covenant commits its parties to respect the civil and political rights of individuals, including the right to life, freedom of religion, freedom of speech, freedom of assembly, electoral rights and rights to due process and a fair trial. / The Project will need to employ people and recognise these principles.
UN Convention Relating to the Status of Refugees	Ratified (1993)	Ref. 2.68	The Convention sets out the rights of individuals who are granted asylum and the responsibilities of nations that grant asylum. / The Project acknowledges the Russian Federation's obligations under this convention.

*Continued...*

Convention	Status	Reference	Purpose / Relevance to the Project
UN Protocol Relating to the Status of Refugees	Ratified (1993)	Ref. 2.69	This protocol removes the temporal and geographical boundaries of the previous Convention of 1951. / The Project acknowledges the Russian Federation's obligations under this convention.
Protocol Additional to the Geneva Conventions of August 12, 1949, and Relating to the Protection of Victims of International Armed Conflicts (Protocol I)	Ratified (1997)	Ref. 2.70	The Protocol reaffirms the international laws of the original Geneva Conventions of 1949, but adds clarifications and new provisions to accommodate developments in modern international warfare that have taken place since the Second World War. / The Project acknowledges the Russian Federation's obligations under this convention.
Protocol Additional to the Geneva Conventions of August 12, 1949, and Relating to the Protection of Victims of Non-International Armed Conflicts (Protocol II)	Ratified (1989)	Ref. 2.71	The Protocol defines certain international laws that strive to provide better protection for victims of internal armed conflicts that take place within the borders of a single country. / The Project acknowledges the Russian Federation's obligations under this convention.
UN Convention on the Elimination of All Forms of Discrimination Against Women	Ratified (1981)	Ref. 2.72	The Convention establishes an agenda of action for putting an end to sex-based discrimination. / The Project will need to employ people and recognise these principles.
Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment	Ratified (1987)	Ref. 2.73	The Convention requires states to take effective measures to prevent torture within their borders, and forbids states to transport people to any country where there is reason to believe they will be tortured. / The Project acknowledges the Russian Federation's obligations under this convention.

*Continued...*

Convention	Status	Reference	Purpose / Relevance to the Project
Convention on the Rights of the Child	Ratified (1990)	Ref. 2.74	The Convention is a human rights treaty setting out the civil, political, economic, social, health and cultural rights of children. / The Project acknowledges the Russian Federation's obligations under this convention.
<b>Health and Safety</b>			
International Convention for the Safety of Life at Sea (SOLAS), 1974	Ratified (1980)	Ref. 2.75	The Convention specifies the minimum standards for the construction, equipment and operation of ships compatible with their safety. / The Project will use vessels which must adhere to the SOLAS Convention.
International Convention on Maritime Search and Rescue (SAR), 1979	Ratified (1988)	Ref. 2.76	The Convention aims to develop an international SAR plan, so that, no matter where an accident occurs, the rescue of persons in distress at sea will be co-ordinated by a SAR organization and, when necessary, by co-operation between neighbouring SAR organizations. / The vessels used during this Project will adhere to this Convention.
International Convention on Standards of Training, Certification and Watch Keeping for Seafarers (STCW), 1978	Ratified (1984)	Ref. 2.77	The Convention establishes basic requirements on training, certification and watch keeping for seafarers on an international level. / The personnel on board vessels used during the offshore Project Phases must comply with these requirements.

*Complete.*

## **2.7 Standards and Guidelines for International Financing**

The Project is being carried out in accordance with applicable standards and guidelines for financing, including the OECD Common Approaches, the Equator Principles III, the Japanese Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Consideration and the International Finance Corporation Performance Standards.

### **2.7.1 Equator Principles III**

The Equator Principles<sup>5</sup> (EP) is a set of ten voluntary environmental and social standards to be adhered to if the Project is to be financed by Equator Principles Financial Institutions (EPFIs). EPFIs are financial service providers that are contracted by a client to carry out banking services for a Project. The Equator Principles were first launched in 2003, subsequently updated in 2006 (EPII) and then again in 2013 (EPIII).

For this Project, EPIII apply. EPIII draw on the 2012 version of the IFC PS and the World Bank Group Environmental, Health and Safety (EHS) Guidelines. The EPs focus on project environmental and social standards and responsibilities. The EPs, in particular, highlight the protection of indigenous peoples, labour standards, and the importance of consultation with locally affected communities. Principles 1 to 6 are most applicable to the ESIA Stage of the Project and have been described below.

#### **2.7.1.1 Principle 1: Review and Categorisation**

Principle 1 applies where total Project capital costs are US\$10 million or more and includes the steps to be taken by the EPFIs to determine the project category in relation to its potential impacts. Ahead of a formal categorisation by EPFIs South Stream Transport has proceeded with this ESIA process on the assumption that EPFIs will give the Project the categorisation of "A" on the basis that it fits the Category A description: *'Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.'*

#### **2.7.1.2 Principle 2: Environmental and Social Assessment**

Principle 2 highlights the need to conduct a Social and Environmental Assessment (e.g. a full-scale ESIA process, a limited or focused audit, or a straight-forward application of environmental siting, pollution standards, design criteria, or construction standards depending on the categorisation and likely significance of impacts) to address relevant social and environmental impacts and risks of the Project. The assessment should also propose mitigation and management measures relevant and appropriate to the nature and scale of the Project.

---

<sup>5</sup> <http://www.equator-principles.com/>

Given the nature and scale of this Project, a comprehensive ESIA process has been undertaken. Table 2.2 outlines where the ESIA process has addressed the following issues in accordance with Principle 2.

**Table 2.2 Principle 2 Illustrative List of Potential Social and Environmental Issues to be Addressed in the ESIA Report**

Specified Information	Location within ESIA Report
Assessment of the baseline social and environmental conditions	Technical Chapters 7 to 18
Consideration of feasible environmentally and socially preferable alternatives.	Chapter 4 Analysis of Alternatives
Requirements under host country laws and regulations, applicable international treaties and agreements.	Chapter 2 Policy, Regulatory and Administrative Framework
Protection of human rights and community health, safety and security (including risks, impacts and management of project's use of security personnel).	Chapter 14 Socio-Economics
Protection of cultural property and heritage.	Chapter 16 Cultural Heritage
Protection and conservation of biodiversity, including endangered species and sensitive ecosystems in modified, natural and critical habitats, and identification of legally protected areas.	Chapter 11 Terrestrial Ecology and Biodiversity Chapter 12 Marine Ecology
Sustainable management and use of renewable natural resources (including sustainable resource management through appropriate independent certification systems).	Chapter 22 Environmental and Social Management
Use and management of dangerous substances.	Chapter 5 Project Description Chapter 22 Environmental and Social Management
Major hazards assessment and management.	Chapter 5 Project Description Chapter 19 Unplanned Events
Labour issues (including the four core labour standards), and occupational health and safety.	Chapter 14 Socio-Economics
Fire prevention and life safety.	Chapter 5 Project Description Chapter 22 Environmental and Social Management

*Continued...*



Specified Information	Location within ESIA Report
Socio-Economic impacts.	Chapter 14 Socio-Economics
Land acquisition and involuntary resettlement.	No physical resettlement is foreseen Chapter 4 Analysis of Alternatives Chapter 17 Ecosystem Services Chapter 22 Environmental and Social Management
Impacts on affected communities, and disadvantaged or vulnerable groups.	Chapter 14 Socio-Economics
Impacts on indigenous peoples, and their unique cultural systems and values.	Chapter 14 Socio-Economics
Cumulative impacts of existing projects, the proposed project, and anticipated future projects.	Chapter 20 Cumulative Impact Assessment
Consultation and participation of affected parties in the design, review and implementation of the project.	Chapter 6 Stakeholder Engagement
Efficient production, delivery and use of energy.	Chapter 5 Project Description
Pollution prevention and waste minimisation, pollution controls (liquid effluents and air emissions) and solid and chemical waste management.	Chapter 8 Terrestrial Soil and Groundwater Chapter 9 Air Quality Chapter 12 Marine Ecology Chapter 18 Waste Management

*Complete.*

### 2.7.1.3 Principle 3: Applicable Environmental and Social Standards

Principle 3 sets out responsibility of an ESIA Report to establish the Project's overall compliance with (or justified deviation from) the relevant host country laws, respective IFC PS, and EHS Guidelines. The ESIA process has been structured in light of this requirement. Section 2.4.4 and this Section 2.7 provide details of compliance with host country laws, respective IFC PSs and EHS guidelines.

### 2.7.1.4 Principle 4: Environmental and Social Management System and Equator Principles Action Plan

Principle 4 defines the need for Category A (and B) projects to maintain or establish an Environmental and Social Management System (ESMS) which addresses the management of impacts, risks, and corrective actions required to comply with applicable host country social and environmental laws and regulations, and requirements of the applicable IFC PS and EHS

Guidelines. Where the applicable standards are not met to the EPFI's satisfaction, the client and the EPFI will agree an EP Action Plan (AP).

Principle 4 will therefore be addressed through the development and implementation of a Health, Safety, Security and Environmental Integrated Management System (HSSE-IMS), which will be developed in accordance with GIIP and in line with the requirements of ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Health and Safety Management System). The HSSE-IMS will be developed and refined during the lifetime of the Project. The overall approach to environmental and social management of the Project is summarised in **Chapter 22 Environmental and Social Management**.

#### **2.7.1.5 Principle 5: Stakeholder Engagement**

Principle 5 establishes the requirement to consult with Project Affected Communities in a structured and culturally appropriate manner. For projects with significant adverse impacts on Affected Communities, the client will conduct an Informed Consultation and Participation process and facilitate informed participation by Project Affected Communities to establish whether a project has adequately incorporated their concerns.

The Project has consulted and will continue to consult with relevant stakeholders (people or groups who may be affected by the Project, or who have an interest in it). This engagement to date has included consultation and dialogue about the ESIA process and content, including Project design, expected impacts and measures taken to mitigate and manage impacts.

The South Stream Offshore Pipeline – Russian Sector: Scoping Report (available on the South Stream Transport website) was made publicly available for review on 20 November 2012 for a period of 30 days. During this time, stakeholders had the opportunity to review and comment on the Scoping Report. During this period, South Stream Transport held meetings with a range of stakeholders, including local businesses, local marine users, representatives and general public from affected communities and local, regional and national NGOs.

Further details on consultation and disclosure are included in **Chapter 6 Stakeholder Engagement** and **Chapter 14 Socio-Economics**.

#### **2.7.1.6 Principle 6: Grievance Mechanism**

Principle 6 sets out responsibility to establish a grievance mechanism as part of the management system that allows the proponent to receive and facilitate concerns and grievances about the Project's social and environmental performance raised by individuals or groups. The proponent should inform the affected communities about the mechanism in the course of its community engagement process and ensure that the mechanism addresses concerns promptly and transparently, in a culturally appropriate manner, and is readily accessible to all segments of the affected communities.

The requirements for a Grievance Mechanism will be incorporated into the Project HSSE-IMS. As detailed in **Chapter 6 Stakeholder Engagement**, feedback forms have been used during the Scoping Report consultation process and will continue to be used throughout all Project Stages as part of the on-going stakeholder engagement process. The HSSE-IMS will be developed in accordance with GIIP and in line with the requirements of ISO 14001:2004 (Environmental

Management System) and OHSAS 18001:2007 (Health and Safety Management System). The overall approach to environmental and social management of the Project is summarised in **Chapter 22 Environmental and Social Management**.

### **2.7.2 OECD Common Approaches, 2012**

Governments provide official export credits, through Export Credit Agencies (ECAs), to support national exporters competing for overseas sales. The Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (hereafter referred to as 'Common Approaches') recognise that the export credit policy can contribute positively to sustainable development and sets out common approaches for considering environmental and social risks in decisions to offer official support for export credits. The 2012 Common Approaches, as applied to this Project, draw heavily upon the application of recognised international financing institution standards (e.g. EPs and IFC PSs) and apply to all officially supported export credits for capital goods and/or services, excluding military equipment and agricultural commodities.

The Common Approaches objectives are to:

- Promote coherence between members' policies on officially supported export credits, their international environment, climate change, social and human rights policies, and their commitments under relevant international agreements and conventions;
- Develop common procedures and processes relating to the environment and social aspects for official support of export credits to reduce potential for trade distortion;
- Promote good practice and consistent review and assessment processes to achieve a high level of environmental and social performance as measured against international standards;
- Enhance efficiency of official support procedures and ensure administrative processes are relative to the objectives of the Common Approach; and
- Promote a global level playing field for officially supported export credits and increase awareness and understanding among non-members.

The Russian Federation is one of the many non-member countries with which the OECD has a working relationship, in addition to its member countries. The OECD has been cooperating with the Russian Federation since 1992 and the OECD formally acknowledged in 1997 that the accession of the Russian Federation as a full member of the OECD is the ultimate objective of their cooperation.

To satisfy the requirements of the Common Approaches, South Stream Transport:

- Has commissioned this ESIA Report (prepared to meet international standards including relevant IFC PS);
- Will prevent or mitigate (as far as practicable) adverse environmental and social impacts of the Project;
- Will undertake consultation with relevant stakeholders throughout the life of the Project and encourage transparency through information disclosure; and

- Will implement an HSSE-IMS to monitor and improve performance of the Project in accordance with PS1.

### **2.7.3 Japan Bank for International Cooperation (JBIC) Environmental Guidelines**

The Japan Bank for International Cooperation (JBIC) Guidelines for Confirmation of Environmental and Social Consideration (Ref. 2.4) aims to contribute to efforts towards sustainable development, through consideration of the environmental and social aspects in all projects subject to lending or other financial operations by JBIC and the Nippon Export and Investment Insurance (NEXI).

### **2.7.4 International Finance Corporation Performance Standards**

For this Project the most current 2012 IFC PS will apply. The IFC PSs are voluntary standards that set out underlying principles of sustainable project management, including impact and risk assessment, mitigation strategies, public consultation and performance monitoring. The IFC PSs are mandatory for projects seeking funding from the IFC and are also frequently adopted by other financial institutions, including EPFIs and ECAs. Due to their wide application, South Stream Transport has elected to adhere to 2012 IFC PSs regardless of the source of Project financing.

The PS, their relevance to the Project and a brief description of how they have been addressed in the ESIA process is included below.

#### **2.7.4.1 IFC PS1 Assessment and Management of Environmental and Social Risks and Impacts**

PS1 outlines the requirements for social and environmental performance management throughout the life of a project. This is achieved through an integrated assessment to identify the environmental and social impacts, risks, and opportunities of the Project, effective engagement with affected local communities and other stakeholders, and the application of an Environmental and Social Management System (ESMS) to monitor and improve performance.

This PS applies to business activities with environmental and/or social risks and/or impacts. The level of environmental and social assessment and management is expected to be appropriate to the nature and scale of the project. Given the nature and scale of this Project, a comprehensive ESIA process is required to be undertaken, as documented through this ESIA Report. This impact assessment process has taken into consideration the requirements of PS1 through PS8, as well as, the requirements of the Russian Federation (see Section 2.4.4 for details of the Russian EIA Legislation).

As recommended in the IFC's Guidance Notes: Performance Standards on Environmental and Social Sustainability (Ref. 2.7), the following stages have been undertaken as part of this ESIA process:

- **Initial Screening of the Project** – this enabled the identification of Project components and activities; identification of environmental, socio-economic and cultural heritage

receptors; the examination of relevant legislative and lender requirements; and, knowledge of the community values and uses associated with the receptors. An analysis of alternatives was also conducted during this stage to identify and evaluate alternative routes for the offshore pipeline (see **Chapter 4 Analysis of Alternatives**);

- **Environmental Issues Identification (ENVIID)** – this process enabled the comprehensive identification of the Project's potential interactions (beneficial and adverse) with environmental, socio-economic and cultural heritage receptors (see **Chapter 3 Impact Assessment Methodology**);
- **Scoping** – this stage identified the likely significant impacts that require further investigation and defined the final scope of the ESIA process by developing terms of reference for studies to assess Project impacts. Details of the Scoping Stage are reported in the South Stream Offshore Pipeline – Russian Sector: Scoping Report (Ref. 2.78);
- **Stakeholder Engagement** – stakeholder engagement has been undertaken throughout the development of the Project to ensure that all interested parties are aware and informed of the Project and that any potential issues are addressed appropriately (see **Chapter 6 Stakeholder Engagement**). South Stream Transport has developed a Stakeholder Engagement Plan (SEP) based on the principles and guidance presented in the IFC's PS1. The SEP also includes engagement activities necessary to meet Russian Federation requirements for the national EIA process. The SEP will be updated periodically throughout the Project lifecycle;
- **Baseline Studies** – the prevailing environmental and social conditions against which the potential impacts of the Project are assessed have been established. This allowed the identification of potentially sensitive receptors (such as ecosystems and local communities) and an evaluation of their level of sensitivity to the impacts. The results are presented on a discipline basis in Chapters 7 to 19 of this ESIA Report; and
- **Impact Significance Assessment** – this was an iterative process considering the following:
  - **Prediction:** What will happen to the environment as a consequence of this Project (i.e. defining Project activities and impacts)?
  - **Evaluation:** Will it have a beneficial or adverse effect? How big is the change expected to be? How important will it be to the affected receptors?
  - **Mitigation:** If the impact is of concern, can anything be done to avoid, minimise, or offset the impact? Or to enhance potential benefits?
  - **Residual Impact:** After mitigation, is the impact still of concern?

This process is further described in **Chapter 3 Impact Assessment Methodology** and the results are presented on a discipline basis in Chapters 7 to 19 of this ESIA Report.

- **Cumulative Impact Assessment** – identified the combined effects of the Project with other projects and activities that may, individually or in combination have a significant cumulative impact. Further details regarding the cumulative impacts can be found in **Chapter 20 Cumulative Impact Assessment**; and
- **Transboundary Impact Assessment** – an assessment was undertaken to identify whether any Project impacts were considered likely to extend across international borders

(e.g. air or water pollution impacts). Further details regarding the transboundary impacts can be found in **Chapter 21 Transboundary Impact Assessment**.

**Chapter 3 Impact Assessment Methodology** of this ESIA Report provides an overview of the process followed in compiling this ESIA Report and the methodology used to assess impact significance.

Disadvantaged and vulnerable individuals and groups have been identified in accordance with PS1. PS1 states that it is necessary to identify individuals and groups that may be directly and differentially or disproportionately affected by the Project because of their disadvantaged or vulnerable status e.g. by a disability, low income, an existing low level of access to key socio-economic or environmental resources or a low social status which limits their ability to adapt to change. These groups were considered to be a key focus for stakeholder engagement activities undertaken to ensure their concerns about the Project were considered in both Project design and the impact assessment phases. Further assessment and information on disadvantaged and vulnerable individuals and groups is provided in **Chapter 14 Socio-Economics**.

PS1 also stipulates that the Project proponent develop a formal environmental and social policy that reflects the principles captured in the PSs. The South Stream Transport Sustainability Policy is outlined in Section 2.2 and an HSSE-IMS is being developed in accordance with GIIP and in line with the requirements of ISO 14001:2004 (Environmental Management Systems) and OHSAS 18001:2007 (Health and Safety Management Systems). The overall approach to environmental and social management of the Project is summarised in **Chapter 22 Environmental and Social Management**.

#### **2.7.4.2 IFC PS2: Labour and Working Conditions**

PS2 establishes the need for workers' rights regarding income generation, employment creation, relationship management, commitment to staff, retention and staff benefits. It identifies and outlines the need to provide workers with a safe and healthy working environment. This PS is guided by international conventions, in particular those of the International Labour Organisation (ILO). Ultimately, the scope of application of this PS depends on the type of employment relationship between the Project and the worker e.g. it applies to workers directly engaged by the client (direct workers), as well as, workers engaged through third parties.

It is recognized that up to approximately 1,200 workers (including all sub-contracted parties and workers) may be engaged at any one time for the Project and, as such, compliance with PS2 is considered to be of relevance to the Project. Worker rights will be consistent with those of South Stream Transport, which is firmly committed to the protection of worker rights in compliance with the conventions listed in Table 2.1 and the relevant Russian statutory requirements.

In particular, the offshore pipelay works will utilise a large workforce (e.g. some vessels may contain over 700 workers at any one time). South Stream Transport is cognisant of the potential labour and working condition risks associated with confined employment and shift work conditions associated with offshore vessel operations. As part of the Project HSSE-IMS, regular audits of working conditions upon these vessels shall be undertaken.

Implementation of the necessary actions required by this PS will be managed through the Project ESMS. Further details on labour and working conditions, as well as occupational health, is included within **Chapter 14 Socio-Economics**. The overall approach to environmental and social management of the Project is summarised in **Chapter 22 Environmental and Social Management**.

#### **2.7.4.3 IFC PS 3: Resource Efficiency and Pollution Prevention**

PS3 defines an approach to pollution prevention and abatement in line with current internationally available technologies and good practice. It deals with ambient and cumulative considerations, resource conservation and energy efficiency, hazardous materials and waste management, pesticide use and management, and emergency preparedness and response provisions.

The Project will utilise resources which have the potential to generate pollution. The majority of resources that will be used and potential pollution events (e.g. waste spillage, noise, air pollutants, and greenhouse gases) will arise through the Project's Construction Phase. The main resource used during the Construction Phase will be steel for the pipeline. Throughout the Project Development Phase, efficiency of resource use has been considered and a range of minimum performance criteria and standards have been adopted. **Chapter 5 Project Description** details the range of design, construction and operational standards adopted for the Project.

For both the construction and operation phases, specific mitigation measures (encompassing both avoidance and minimisation measures) to address Project emissions (e.g. emissions associated with exhaust fumes of vessels) are described in the relevant technical chapters of this ESIA Report. In particular, Project resource efficiency measures are included in **Chapter 5 Project Description** and Project-related greenhouse gas (GHG) emissions are considered within **Chapter 9 Air Quality**.

In terms of waste, **Chapter 18 Waste Management** of this ESIA Report details how wastes will be managed throughout the Project, taking into consideration the need for resource use efficiencies. Specifically, the Project will adopt a waste management hierarchy. The waste hierarchy ranks waste management options according to what is best for the environment. In particular, the prevention, re-use and recycling of Project items where possible will help maximize resource use efficiency throughout the Project.

The overall approach to environmental management in line with these guidelines is summarised in **Chapter 22 Environmental and Social Management**.

#### **2.7.4.4 IFC PS 4: Community Health, Safety and Security**

PS4 outlines specific requirements for mitigating any potential for community exposure to risks and impacts arising from equipment and infrastructure accidents, releases of hazardous materials and communicable diseases.

The ESIA process has included extensive data gathering on the communities' social, economic and health conditions (as detailed in **Chapter 14 Socio-Economics** of this ESIA Report) as well as data on crime rates.



Project activities have been analysed to determine which aspects associated with the construction and operational phases of the Project could adversely impact communities.

Community health impacts have, for example, been assessed in relation to air emissions from the Project site, noise disturbance and interaction of communities with a large number of migrant workers.

Safety issues have been addressed both in relation to indirect hazards associated with the Project Construction Phase (increased traffic, presence of heavy machinery) and to the safety of the pipeline itself. Major Accident Hazards (MAHs) in relation to the local community during construction, installation and operation of the pipelines are addressed in **Chapter 19 Unplanned Events**. Detailed plans for dealing with the effects on the community of construction, installation and operation of the pipelines will be prepared and managed by South Stream Transport and the respective contractors through South Stream Transport's HSSE-IMS.

Security issues have been analysed in the context of the temporary interaction of relatively small rural communities with a large construction workforce.

#### **2.7.4.5 IFC PS 5: Land Acquisition and Involuntary Resettlement**

PS5 recognises that Project related land acquisition and restrictions could have adverse effects on communities or persons that use the land, and therefore, PS5 outlines objectives for avoiding or minimising involuntary physical resettlement as a consequence of development. Appropriate measures should be implemented to mitigate adverse impacts on displaced persons and host communities through appropriate compensation for resettlement or any economic displacement, such as loss of subsistence or commercial livelihood.

The Project will require either the acquisition of land or the leasing of land off of current owners for the onshore pipeline and landfall facilities. The potential impacts of the acquisition and leasing of land for the onshore pipeline and landfall facilities are addressed in **Chapter 14 Socio-Economics**.

No physical resettlement is anticipated; therefore, no Resettlement Action Plan is required.

#### **2.7.4.6 IFC PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**

PS6 sets out an approach to protect and conserve biodiversity, including habitats, species and communities, ecosystem diversity, and genes and genomes, all of which have potential social, economic, cultural and scientific importance. It also sets out definitions of natural, modified and critical habitat types, stating that there should be no net loss of critical habitat as a result of the Project.

The Project has the potential to directly and indirectly impact natural and modified habitat types, both onshore and offshore (e.g. direct loss of habitat, temporary degradation of habitat, injury / harm to species etc.). These impacts have been assessed where necessary according to IFC Guidance for critical habitats. The potential impacts on marine and terrestrial ecology and the relevant identified mitigation measures to address these impacts are detailed in **Chapter 11 Terrestrial Ecology** and **Chapter 12 Marine Ecology**.



The Project may affect potential beneficiaries who may currently benefit from some ecosystem services. A discussion of the ecosystem services received and potential Project impacts upon these services is provided in **Chapter 14 Socio-Economics** of this ESIA Report and fully detailed in **Chapter 17 Ecosystem Services**.

#### **2.7.4.7 IFC PS 7: Indigenous Peoples**

PS7 recognises that indigenous peoples can be marginalised and vulnerable if their lands and resources are encroached upon by or significantly degraded by a Project. It recognises that their languages, cultures, religions, spiritual beliefs, and institutions may also be under threat.

Within PS7 the term 'Indigenous Peoples' is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- *'Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;*
- *Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;*
- *Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or*
- *A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.'*

The ethnical breakdown of the communities within the surrounding population of the Project has been studied along with the level of interaction and their cultural customs. Further information on these studies is detailed within **Chapter 14 Socio-Economics**. No truly indigenous communities will be affected by the Project, and PS7 is not considered directly applicable. However, pockets of minority nationals exist near Anapa (the strong Armenian community), and some of the principles of PS7 have been applied in regards to this community (see **Chapter 14 Socio-Economics**).

#### **2.7.4.8 IFC PS 8: Cultural Heritage**

PS8 aims to protect irreplaceable cultural heritage and to provide guidance for protecting cultural heritage throughout a project's lifecycle. PS8 states that for the purposes of this PS, cultural heritage refers to tangible forms of cultural heritage (e.g. property, sites, structures, or groups of structures with archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious value), unique natural features or tangible objects that embody cultural values (e.g. sacred groves, rocks, lakes, and waterfalls), and certain instances of intangible forms of culture that are proposed to be used for commercial purposes (e.g. cultural knowledge, innovations, and practices of communities embodying traditional lifestyles).

A number of tangible cultural heritage receptors are currently known to be present within the landfall study area and it is therefore considered highly likely that additional objects of archaeological significance could be unearthed during onshore construction activities. Similarly, a number of confirmed cultural heritage objects have been identified offshore (including a shipwreck and a World War II airplane wing) and several potential objects have been identified

through preliminary marine surveys. A full description of all identified cultural heritage items and places of significance is provided in **Chapter 16 Cultural Heritage**.

Impacts on onshore cultural heritage and archaeological objects may arise as a result of direct physical disturbance from construction activities (e.g. vegetation clearance, excavation works and pipeline laying). The significance of these impacts and corresponding mitigation measures to avoid and reduce the scale of impacts are discussed in **Chapter 16 Cultural Heritage**.

It is not anticipated that the Project will have an impact on intangible cultural heritage due to the location of the landfall section in areas with no specific notable or listed cultural traditions that could be affected by the Project. Nevertheless, potential impacts on the living cultural heritage and religious practices of communities are considered as part of this ESIA Report. Further details on both tangible and intangible cultural heritage receptors and the potential impacts associated with the Project are included in **Chapter 16 Cultural Heritage**.