



**WWF** *for a living planet*

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ECGD

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RE: Sakhalin unanswered questions

Friday 28 April 2006

Dear ECGD

Please find below a list of outstanding questions regarding the Sakhalin II project at the completion of the consultation period. WWF is seeking a written response from ECGD to these questions.

1. Why can the Sakhalin II project not obtain sufficient financing elsewhere?
2. Is ECGD 100% sure that future generations of fishing communities and Western Gray Whales have not been compromised by the Sakhalin II project?
3. Does ECGD assess that the Sakhalin II project fully complies with all regulatory requirements?
4. Does ECGD assess that the Sakhalin II project fully complies with all national legislation?
5. Can ECGD disclose the due diligence conducted to ensure legal compliance on environmental aspects?
6. ECGD should indicate which of the following statements applies in order for it to create additional environmental benefits: Given that Shell claim to be one of the most responsible operators and have high global standards, this must mean either
  - i) ECGD does not believe Shell's standards to be high and that the multinational needs assistance in achieving high environmental standards, or;
  - ii) ECGD's standards are not any higher than Shell's and therefore there is no additional environmental benefit from ECGD's involvement.
7. Does ECGD consider the Western Gray Whale a significant reputational risk?
8. Does ECGD consider that river crossings have consistently been addressed in a satisfactory way?
9. Does the ECGD consider that SEIC installing the PA-B platform without concluding its discussions with the whale experts is consistent with the Precautionary Principle?
10. Does the ECGD believe there is scientific evidence to show SEIC has had no impact on the Western Gray Whales to date, and if so what is it?
11. Can ECGD guarantee that the Western Gray Whale Habitat is safeguarded?
12. Does ECGD believe the best scientific advice has been followed at all times during the operation of the project?
13. Does ECGD support a suspension of offshore construction until further information on the status of the whale population is confirmed?



INVESTOR IN PEOPLE

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14. Why is ECGD not rejecting the Sakhalin II project when its Natural Resources policy objective has not been met?
15. Can ECGD demonstrate how the Sakhalin II project is fully in compliance with the UNECE Convention on Environmental Impact Assessment in a Transboundary Context including the SEA Protocol?
16. Can ECGD demonstrate how the Sakhalin II project is fully in compliance with the UNECE Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters?
17. Does ECGD consider predicted oil spill envelopes for year-round conditions essential for assessing the full environmental impact of project prior to a decision?
18. Does ECGD have predicted oil spill envelopes for winter conditions in Piltun, and if so will it release them?
19. If ECGD does not have predicted oil spill envelopes for winter conditions in Piltun, how can it have a full picture of the potential risk it is considering taking on?
20. Does ECGD consider that the project complies fully with the International Finance Corporation Environmental, Health & Safety Guidelines for Oil and Gas Development (Offshore)?
21. How does ECGD consider the Sakhalin II project contributes achieving the articles, goals and objectives of the United Nations Convention on Biodiversity (CBD)?
22. How does ECGD consider the Sakhalin II project complies with the objectives of the Ramsar Convention?
23. Is the Sakhalin II project consistent with the IUCN Amman Declaration 2000 on no go areas for Extractive Industries?
24. Will ECGD incorporate SEIC's record before the start of the consultation period in its assessment?
25. Does ECGD consider that SEIC fully complied with its Business Principles and other corporate policies prior to launching the consultation?
26. How does the Sakhalin II project contribute to the United Nations Millennium Development Goals?
27. Which stakeholders does ECGD consider support the project?
28. Which stakeholders does ECGD consider oppose the project?
29. Given that the independent whale scientists have found Shell's information on the Western Gray whale impacts to be uninformative and the conclusions of no impact to be unfounded, does the ECGD consider the Sakhalin II project has a sound environmental basis to continue?
30. Can the ECGD disclose any potential environmental benefits or enhancements that were identified at the screening stage?
31. Has the ECGD calculated the proportion of time it will be impossible to respond to an oil spill due to environmental conditions such as ice, wind, waves, and visibility or due to safety concerns, i.e. the response gap?
32. Did SEIC collect adequate baseline data at the start of the project to inform future decisions and enable effective monitoring?
33. Did SEIC calculate quantitative risks of all possible occurrences to inform decision-making at the design phase of the projects, e.g. risk of a blowout, pipeline spill, etc?
34. Is ECGD satisfied with the measures SEIC has taken to counter the risk of seismic activity rupturing the pipeline?
35. Does SEIC have adequate measures to tackle the issue of Alien and Invasive species?

36. Has ECGD calculated the climate change impact of the project and use of its predicted hydrocarbons production?
37. Has ECGD calculated the negative health effects of the Sakhalin II project on local communities?
38. Does ECGD consider that with no Indigenous Peoples Plan completed when the project is two-thirds built, Sakhalin II complies with the international standards (United Nations, World Bank, Shell) that require this process to occur prior to development?
39. Can ECGD demonstrate that the Sakhalin II project complies with World Bank standards for Environmental Impact Assessment, in particular the requirement to consider alternatives, including the no project option?
40. Would the ECGD still be responsible for impacts resulting from poor standards during construction that emerged after the ECGD's loan has been repaid?
41. Is phase I of Sakhalin II in compliance with ECGD's standards according to EBRD'S recent HSE Audit?
42. If SEIC cannot deliver satisfactory performance after several years of the single element phase I, how can ECGD be sure the HSE Action Plan will deliver for the huge phase II?
43. How does ECGD believe Shell will deliver net positive impact on salmon habitat?
44. What is the baseline data for assessing Shell's net positive impact on salmon habitat?
45. How will different salmon species be considered in the plans?
46. Does ECGD consider the EIA Addendum was completed prior to all major new activities?
47. Does ECGD consider Shell's ALARP approach to risk suitable for the habitat of a critically endangered species?
48. Does ECGD believe that risks to the WGW have always been minimised throughout the development of the project?
49. How is the Sakhalin II project in compliance with the UK Sustainable Development Strategy?
50. Does ECGD currently believe the Sakhalin II project is in full compliance with its mandate and Environmental Policy?

Best regards

James Leaton

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WWF - UK