



Western Gray Whale Advisory Panel
STORIES OF INFLUENCE



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International Union for Conservation of Nature is a membership Union composed of both government and civil society organisations. It harnesses the experience, resources and reach of its more than 1,300 Member organisations and the input of more than 16,000 experts. IUCN is the global authority on the status of the natural world and the measures needed to safeguard it.

WWF

WWF is one of the world's largest and most respected independent conservation organizations, with over 5 million supporters and a global network active in over 100 countries. WWF's mission is to stop the degradation of the Earth's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

IFAW

Founded in 1969, IFAW saves animals in crisis around the world. With projects in more than 40 countries, IFAW rescues individual animals, works to prevent cruelty to animals and advocates for the protection of wildlife and habitats.

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Acknowledgements

We have been working together now for more than 10 years. We have witnessed an incredible change in the way the different parties involved relate to each other. Trust and commitment to a common goal would definitely be some of the words we would use to describe today's Western Gray Whale Advisory Panel (WGWAP) working environment.

Therefore, we thought it was a good time to capture – with the help of many people who have contributed to the work of the WGWAP from its inception until today – how the WGWAP has influenced the conservation of the western gray whales and their critical feeding grounds off Sakhalin Island.

This report doesn't do justice to all the women and men who have contributed over the years. It is a tremendous challenge to summarise so much passion and commitment. However, we hope that enough has been captured to illustrate the great progress made in the past decade and to inspire the creation of similar processes for the resolution of other potentially confrontational situations by using independent science.

We would, therefore, like to thank all the members of the Panel for participating in this project with such enthusiasm. Similar enthusiasm permeated the interviews with key

NGOs and international organizations involved in the process: Sakhalin Environment Watch, WWF, IFAW, Friends of the Earth, IUCN and the United Nations Development Programme (UNDP). Sakhalin Energy and Shell representatives provided great insight and value to the stories, setting an example for other oil and gas companies working in the region and elsewhere. And none of this work would have been possible without the support of the lending institutions. The complete list of interviewed individuals is available in Annex 1.

We would like to thank the author of the stories, Gillian Martin Mehers, who listened to many hours of interviews and reviewed a large quantity of material before distilling it all into the Stories of Influence captured in this report; as well as the dedicated editor of the report, Richard Lee.

By sharing these Stories of Influence, we hope not only to demonstrate the influence that the WGWAP has had on the conservation of whales and their habitat, but also to illustrate how it can serve as an example to address different kinds of conservation challenges elsewhere in the world – by highlighting that collaboration is central to finding long lasting solutions to today's pressing challenges.



Acronyms

CMP	Conservation Management Plan
EBRD	European Bank for Reconstruction and Development
ENL	Exxon Neftegas Limited
FoE	Friends of the Earth
HSE	Health, Safety and Environment
IFAW	International Fund for Animal Welfare
IFC	International Finance Corporation
IUCN	International Union for Conservation of Nature
IWC	International Whaling Commission
IWG	Interdepartmental Working Group for Western Gray Whale Conservation of the Russian Federation
MMP	Monitoring and Mitigation Plan
NGO	Non-Governmental Organization
UNDP	United Nations Development Programme
WGWAP	Western Gray Whale Advisory Panel

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Executive Summary

In the early 2000s, the future looked bleak for the small population of western gray whales that spent the ice-free summer and autumn months feeding in the seas off Sakhalin Island in the far east of the Russian Federation.

For years, environmentalists and scientists had been publicly voicing their concerns about the potential impact of oil and gas activities on the critically endangered whales and their fragile habitat in the Sea of Okhotsk. But with companies such as Sakhalin Energy planning to expand their operations and with no solution on the horizon, the situation seemed likely to worsen.

Indeed, conditions could not have been better primed for conflict – a vulnerable ecosystem, an iconic and endangered species, an organized and vocal national and international NGO coalition, an active scientific community, the existence of rich oil resources, and a multi-national oil and gas company poised to move to the next stage of development.

However, these unfavourable conditions also created an unprecedented opportunity to try and transform oil and gas operations in Sakhalin – and develop a model that could be adopted by governments, companies and conservationists facing similar challenges elsewhere.

While Sakhalin Energy was seeking funds for the next phase of its operations, NGOs used the power of the global media to highlight the plight of the whales and put pressure on public banks around the world, which were interested in providing the company with the loan. And the international outcry paid off, helping to secure the inclusion of a number of mitigating conditions in the loan agreement, including one very unusual requirement: Sakhalin Energy would have to work with, and take advice from, an independently convened group of scientists so as to minimize the impact of its activities on the whales for the duration of the project

and the loan agreement. This is believed to be the first time such a mechanism has been included in project financing, demonstrating how financial institutions can play a significant role in conservation and development.

Convened and administered by the International Union for Conservation of Nature (IUCN), the group of scientists – boasting a wealth of expertise on a range of topics, including cetacean population dynamics, whale bioacoustics, and whale behaviour – was formally constituted in 2004: the same year that there were estimated to be just 115 western gray whales left in Sakhalin. The scientists would become known as the Western Gray Whale Advisory Panel or WGWAP.

For the past decade, WGWAP has provided objective, independent advice – including publicly available recommendations and reports – on the conservation and recovery of western gray whales, particularly those that feed off Sakhalin Island. It has also served as a unique platform for coordination and cooperation among interested parties, including governments, companies, financial institutions, and civil society. And over the years, the Panel has helped to influence company policy and action, science and conservation practice, and conservation discourse in the Russian Federation.

In 2005, Sakhalin Energy altered the route of its pipeline after IUCN's independent panel recommended an alternative route that would minimize disruption and impacts on the whales' feeding grounds. Three years later, the WGWAP Oil Spill Task Force contributed to the development of a corporate oil spill response plan, which was regarded as one of the best

in the business at the time. The company also agreed to postpone its large seismic survey for a year, from 2009 to 2010, in line with advice from WGWAP, and worked with the WGWAP Seismic Survey Task Force to develop one of the most complete company-level Monitoring and Mitigation Plans in relation to whale conservation and seismic surveys anywhere in the world. Guidelines were subsequently published and have been used to inform policy processes in the US and New Zealand as well as by the Convention on Biological Diversity.

The WGWAP process has helped to ease tensions by creating an open forum for dialogue, particularly between NGOs and the company. The organizations that first campaigned against financing for Sakhalin Energy and then successfully sought to delay it as well as incorporate stringent conditions into it, now participate as observers in the WGWAP meetings to monitor the company's activities. Indeed, the overall aim of the NGO campaign is no longer to oppose the Sakhalin Energy oil and gas project, but to ensure it has no impact or a minimal impact on the whales and their habitat, and that other operators on the shelf adopt similar practices.

WGWAP also provides a platform for crucial scientific work, which includes regularly updated photo-id records, and a population dynamics model that estimates the size and composition of the population, its rate of increase, and other vital indicators. In 2010 WGWAP offered a forum for discussion and planning of a satellite-tagging programme, which demonstrated that some whales travelled 10,880 km to wintering grounds along Mexico's Baja California peninsula, the

longest recorded one-way migration of any mammal. And underlined the importance of protecting their summer feeding grounds.

New regional and national fora in the Russian Federation have also been established since the WGWAP process commenced, increasing the arenas where the conservation of western gray whales is discussed. Meanwhile, the Scientific Committee of the International Whaling Commission is gathering signatories for a Memorandum of Cooperation on Conservation Measures for the Western Gray Whale Population, which is based on a Conservation Management Plan that was initially developed by members of the Panel.

Over the past decade, WGWAP has had a substantial influence on the approach to oil and gas extraction and whale conservation in Sakhalin, with partners working together to find the best solutions to mitigate impacts on the whales, while enabling the company to meet its operational objectives. And the population of gray whales has steadily increased, growing from an estimated 115 animals in 2004 to 174 in 2015. However, prevention of significant impacts will require the active involvement of all oil and gas operators in Sakhalin, as well as other sectors (especially fisheries), to ensure cooperation and implementation of best practices.

But the experience of WGWAP can also influence future developments far beyond Sakhalin, including in other oil and gas producing or developing regions with important conservation challenges such as the Arctic.

WGWAP has shown that independent science-based panels can turn arenas of potential conflict into spaces for cooperation and even collaboration, and help companies in any sector reduce their impact on ecologically sensitive areas or vulnerable species.





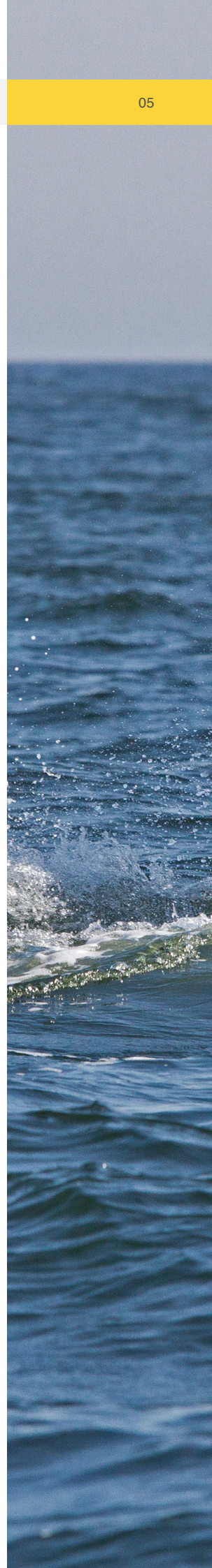
Chapter 1

WGWAP and the Western Gray Whale Conservation Challenge

In 2004, an innovative loan agreement was struck between a group of global lenders and Sakhalin Energy Investment Company Ltd. to fund the expansion of its oil and gas operations in the ecologically sensitive areas off Sakhalin Island in the far east of the Russian Federation.



While the loan to finance Sakhalin-2 Phase 2 was not unusual, the context certainly was. And so too was one of its conditions: the company would have to work with a group of scientists to minimize the impact of its activities on Sakhalin's most iconic summer residents – a unique group of critically endangered western gray whales.



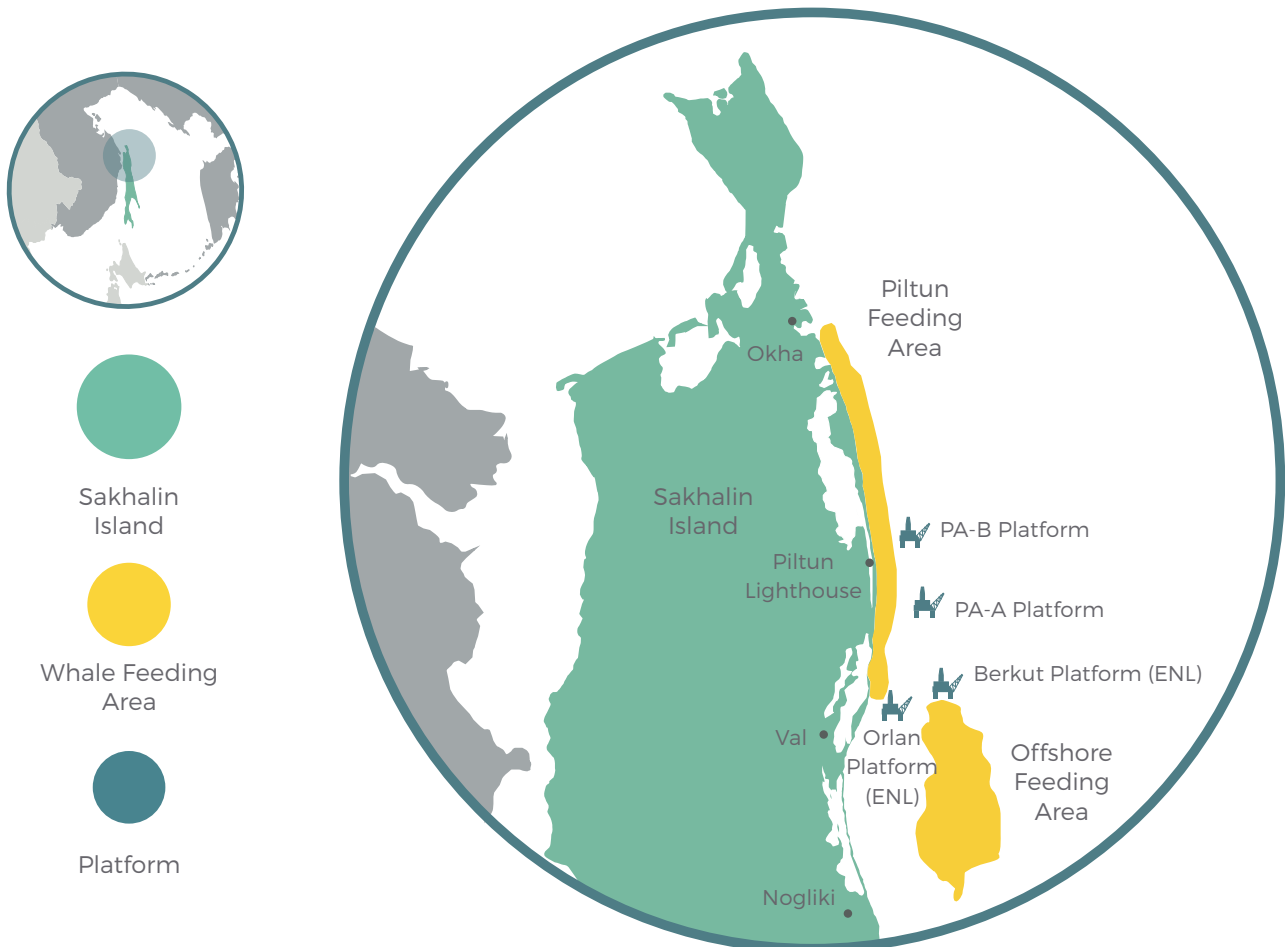
Thought to be extinct until a small population of whales were rediscovered in the 1970s, these western gray whales were registered as 'endangered' in the Red Data Book of the Russian Federation in 2000, and classified as 'critically endangered' in the same year by the International Union for Conservation of Nature (IUCN) Red List of Threatened Species™. Each year, the whales return to the Sea of Okhotsk off Sakhalin to feed during the ice-free summer and autumn months, sifting nutritious prey from the sea floor in the shallow near-shore waters, and preparing for their long winter migration.

With the population estimated at just 115 in 2004, environmentalists and scientists were vociferous in expressing their concern about the potential impact of the oil and gas operations on the whales and their fragile habitat. An international campaign raised the stakes by exerting media pressure on the public banks that were considering providing funds for Sakhalin Energy's next phase. This helped catalyse the special condition of the loan agreement: Sakhalin Energy would need to take advice from a group of independently convened whale

scientists for the duration of the project and the loan. This is believed to be the first time that such a mechanism has been included in project financing, providing a new model for the role financial institutions can play in conservation.

Formally constituted in 2004 as the Independent Scientific Review Panel (ISRP), this group of scientists – with expertise on a range of topics, including cetacean population dynamics, whale bioacoustics, whale behaviour, and marine food web structure and function – would be convened and administered by IUCN from its international headquarters in Switzerland. In 2006, the group would become known as the Western Gray Whale Advisory Panel or WGWAP.

This report explores the influence – both direct and indirect – that the Panel has exerted, catalysed or mobilized over the years: time in which the Sakhalin gray whale population has grown by 3-4 percent per year, increasing from an estimated 115 animals in 2004 to 174 (excluding calves) in 2015, according to the latest population assessment.



This schematic is based on publicly available information and included only for illustrative purposes. The designation of areas in this map and the presentation of the material, do not imply the expression of any opinion whatsoever on the part of IUCN, WWF or IFAW concerning legal status of any areas, or of its authorities or operators, or concerning the delimitation of its boundaries. Coordinates, boundaries, etc. on the schematic are not exact and therefore should not be used as such.

Who's Who?

This process has involved a wide range of actors – both Russian and international, from public and private sectors, civil society organizations and academic institutions. The main players include:

Western Gray Whale Advisory Panel (WGWAP)

The Panel currently consists of two Co-chairs, ten other scientists and experts from universities and private research institutions, and one Emeritus Member. The Panel includes a mix of Russian and international scientists, and is convened and administered by IUCN.



Sakhalin Energy Investment Company Ltd.

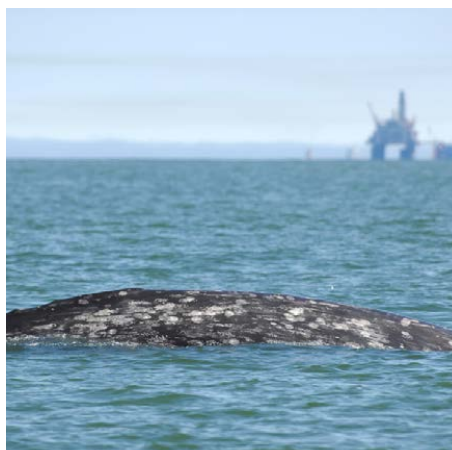
Also called Sakhalin Energy, this is the company that holds the loan agreement and is developing some of the oil and gas fields off the northeastern coast of Sakhalin as part of the Sakhalin-2 Project. Shareholders include Gazprom, Shell, Mitsui, and Mitsubishi.

NGO Coalition

Non-Governmental Organizations (NGOs) have been working in the Sakhalin region since the 1990s, focusing on western gray whales and various environmental and social issues. The NGOs have organized themselves into a broad international coalition. Key players include WWF, the International Fund for Animal Welfare (IFAW), Sakhalin Environment Watch, Friends of the Earth, and Pacific Environment. Other groups have participated in letter writing campaigns and direct advocacy work over the years.

IUCN

The International Union for Conservation of Nature is the convenor and administrator of WGWAP. IUCN maintains the independence of the Panel, and ensures the transparency of the Panel's reports and recommendations.



Russia Gray Whale Project

This scientific research programme, which began in 1995, has brought together scientists from Russia and other countries to study and monitor the western gray whales in the Sakhalin region. Their activities include collecting population data via photo identification and biopsy sampling of the whales for genetic (and other) analyses. The programme's data and findings have been incorporated into the WGWAP process, and several of the scientists have been, and some still are, WGWAP members.

International Whaling Commission (IWC)

An intergovernmental organisation whose mandate is to manage whaling and conserve whales. The IWC has provided a forum for sharing and discussing WGWAP findings and recommendations, and garnering support for them from other governmental and non-governmental actors. The IWC Head of Science is one of the WGWAP Co-chairs.

The Sakhalin Oblast Government Expert Working Group on Biodiversity

This group was officially established in 2008 by the Sakhalin Oblast Environmental Council. (An oblast is an administrative division or region in Russia.) The Expert Working Group is an advisory body set up to advise the Environmental Council on a range of local environmental issues. Among others, Sakhalin Energy, Exxon Neftegas Limited (ENL), regional regulatory representatives, scientists from research institutes and universities, and Sakhalin Environment Watch, a local NGO and a WGWAP observer, take part in its meetings.



Lenders

This group includes the following banks that financed the Sakhalin Energy loans with conditions to minimise impacts on western gray whales: Japan Bank for International Cooperation, Mizuho Bank, BTMU, SMBC, BNP Paribas, Credit Suisse and Standard Chartered.

The Russian Federation Interdepartmental Working Group (IWG) on Gray Whale Conservation

This is an inter-agency group established in 2009 to oversee efforts to conserve the Okhotsk-Korean (western) gray whale population under the auspices of the Ministry of Natural Resources and Ecology of the Russian Federation. It convenes businesses in the Sakhalin region, whale scientists and related government agencies. The IWG's role is to promote effective regulation and management of industrial activities in waters near Sakhalin Island.



How WGWAP Operates

WGWAP was established to provide Sakhalin Energy (and other stakeholders when appropriate) with objective, independent, scientific and technical advice on the conservation of western gray whales, focusing primarily on how to minimize the actual and potential risk of human activities, particularly oil and gas operations, on the whales that feed off Sakhalin Island. WGWAP also encourages and provides advice on research aimed at improving the assessment of threats to western gray whales, and developing more effective monitoring and mitigation measures. Finally, it offers interested parties – companies, governments, financial institutions, and civil society organisations – a platform for coordination and cooperation.

Panel members meet face-to-face at WGWAP plenary sessions at least once a year, as well as in smaller, technical task forces, which focus on specific issues, such as seismic surveys, noise, environmental monitoring, photo-identification, and oil spills.

During WGWAP plenary meetings, the Panel reviews reports and information from Sakhalin Energy on all aspects of its work that could have impacts on gray whales and their feeding areas. Participants in these meetings include company representatives and technical contractors, independent scientists, lenders' representatives, and NGO and government observers – all of whom can ask questions, provide data and make comments during the discussions. Based on the information from Sakhalin Energy, the task forces and the plenary discussions, the Panel produces reports and formal recommendations, many relating to the company's processes and procedures. A key condition of the loan agreement is that Sakhalin Energy must consider every recommendation directed to it and either implement the recommendation, or explain why the company considers it unreasonable.

By November 2015, the Panel had made 539 recommendations, mostly directed to Sakhalin Energy, with some recommendations for other actors. These are tracked in a recommendations database maintained by IUCN, which includes the current status of every recommendation (e.g. whether it is open or closed). By November 2015, 90 percent of the recommendations made by WGWAP had been closed, meaning they had been implemented or superseded by subsequent recommendations, or were no longer considered applicable.

Importantly, the lenders' agreement also stipulates that the reports and recommendations must be made public – along with the company's responses. This ensures transparency and accountability, which is important for stakeholder engagement and building trust in the process. All WGWAP reports (including those of task forces) are available on the [IUCN website](#).



539

Recommendations
on the conservation of
western gray whales



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Chapter 2

Changing Company Practice to Promote Whale Conservation

The Piltun-Astokhskoye and Lunskoye oil and gas fields located off the northeastern coast of Sakhalin Island make up Sakhalin-2, the largest single international oil and gas investment in the Russian Federation, and one of the world's largest integrated oil and gas projects.



 **240**

winter days

 **-45°C**

min temp

 **-70°C**

chill factor

The location is in one of the most remote and inhospitable areas on Earth, where winter lasts for around 240 days and the sea is covered by ice for a large part of the year. And where temperatures on the platforms can fall to -45°C, with a wind chill factor of -70°C when the Arctic winds whip up. It also means that there is a short open-water window for certain operations, including navigation, construction-related transport and seismic surveys. This is the same period when the whales come to feed.

Finding a Safer Pipeline Route

Stationed in the Sea of Okhotsk, Sakhalin Energy's production platforms are connected to shore by a 300 km network of buried underwater pipelines, which is critical to the company's operations since sea ice prevents tankers from having access to the platforms for most of the year.

But pipeline construction may affect gray whales in a number of ways. In 2004, the company halted plans to lay offshore pipelines because scientists from both the Panel and the company identified a risk that the work would generate dangerous noise levels for the whales, and NGOs raised the alarm. The scientists assessed three alternative routes for the pipelines and recommended the one that would minimize disruption to, and impact on, the whales' feeding ground. Along with concerns about potential noise disturbance during construction, the scientists also weighed up the risk of ship strikes, habitat damage and exposure to oil spills.

In 2005, Sakhalin Energy changed the route of its planned offshore pipelines, moving it 20 km to the south based on the alternative route preferred by the Panel. In a press release on 30 March 2005, the CEO of Sakhalin Energy, Ian Craig, stated:

“Whilst both of the southern route options offer an acceptable solution, we have selected the most precautionary alternative. The independent review helped us find a balance between meeting regional energy needs, contributing to Russia's economic development and protecting these wonderful creatures. We have listened to the scientists' advice, as well as taken into consideration the views of various concerned stakeholders and have selected a route that maximises the distance between our activities and the whales.”

Sakhalin Energy's decision followed the Panel's findings and involved considerable cost in funds and time. But it represented an important step in the protection of western gray whales, and an early indication that the Panel concept was working and could have real conservation impact.



Sakhalin Energy: Piltun-Astokhskoye-B platform, Sakhalin-2 project

Developing a State-of-the-Art Oil Spill Plan

With oil production in Sakhalin-2 Phase 2 scheduled to begin in 2008, WGWAP set up an Oil Spill Task Force in 2007 to address the potential impacts of oil spills and to evaluate and advise on the measures planned by the company to protect western gray whales and their habitat. The Oil Spill Task Force was influential in the development of a corporate oil spill response plan, which is regarded as one of the best in the industry. And has been praised by the Panel, which commended Sakhalin Energy for its oil spill contingency plans:

“These are ambitious and meet high standards. With its frequent theoretical and practical exercises, the company has developed the conditions for a rapid and effective response should an incident occur.”

Making Seismic Surveys Safer for Whales

The oil and gas industry uses seismic surveys to determine where pockets of resources might lie and the quality of any identified reserves, as well as to monitor field depletion as extraction proceeds. The surveys use powerful, repeated pulses that create sustained noise over a period of days or weeks that can be dangerously loud and disturb whales’ behaviour, potentially causing them to move away from the areas being surveyed, even if – as off Sakhalin – these overlap with their feeding grounds. Previously, seismic surveys in the Sea of Okhotsk had been a regular flashpoint, with NGOs sending their own scientists to monitor noise levels and highlighting the risks in the media.

But in 2009, the situation changed. Following WGWAP’s recommendations, Sakhalin Energy postponed a seismic survey planned for that year until June 2010, providing time to improve the survey’s planning and preparation. WGWAP and Sakhalin Energy collaboratively developed measures to monitor and minimize the impacts of the Piltun-Astokh survey via the Seismic Survey Task Force (now known as the Noise Task Force). As a result, the company adopted and implemented a Monitoring and Mitigation Plan (MMP) in 2010, which has been described as one of the most comprehensive MMPs ever developed for a seismic survey and focused on the protection of whales. Among many important features, the MMP included rules regarding when to cease operations during the survey. The company also accepted another

recommendation for the MMP: the role of an independent observer, who was contracted by IUCN and observed the company’s implementation of the survey.

Five years later, when it emerged that Sakhalin Energy and Exxon Neftegas Limited (ENL) were going to conduct seismic surveys in the same general area, the Panel advised Sakhalin Energy to postpone its survey or, at least, to coordinate with ENL so that the whales would not be forced away from their preferred feeding and resting habitat by intense noise. Although the companies did not postpone their surveys, they did establish a time-share arrangement for operational reasons, ensuring that the ENL survey, which was closest to the whales’ feeding area, would be completed before most of the whales had arrived, while Sakhalin Energy’s survey would only start after ENL’s was finished.

Along with supporting the planning and preparation for the 2010 and 2015 seismic surveys, WGWAP created a small Advisory Group of Panel members who were available during the Sakhalin Energy surveys to provide advice to the company if circumstances required consideration of a change in the MMP. This Advisory Group was of particular importance in 2015 when the company’s survey lasted longer and covered a substantially larger area than in 2010.



seismic surveys
last days or weeks and
disturb whale behaviour,
potentially causing them
to move away from
feeding grounds

Indirect influences and benefits to Sakhalin Energy from the WGWAP process

1 Thought leadership and profile raising

For a company that wants to be recognized as an industry leader in environmental and biodiversity management, the WGWAP process has helped to increase Sakhalin Energy's visibility through its work and publications, and provided a public forum for sharing lessons the company has learned as it works towards developing and using best practices for critical activities such as seismic surveys, and preventing and responding to oil spills. Within this context, Sakhalin Energy has signed onto the International Finance Corporation (IFC) 2012 Performance Standards on Environmental and Social Sustainability. Initially influenced by Shell's corporate culture, which helps drive the company towards achieving its industry leadership goals, Sakhalin Energy's explicit desire to be in the forefront of environmental performance is backed by all its shareholders.



2 Raising the bar

While the WGWAP process has helped focus minds in the company on minimizing the risk to the gray whales and their habitat, it has also brought other benefits. For example, collecting supplementary information and data while following up on WGWAP recommendations can provide evidence to support decisions that were taken. It has also helped identify good practice not only during routine operations but also during specific activities, such as seismic surveys.

3 Pride and greater appreciation of Health, Safety and Environment (HSE) issues

The WGWAP work and Sakhalin Energy's western gray whale protection programme have generated an increased sense of pride in the company's employees. The global visibility and recognition – such as the 2008 Environmental Project of the Year award from Russia's Ministry of Environment and Natural Resources – keeps employees engaged and interested in this work. This approach generates internal discussion and interest in the outcomes not only on the part of those working directly on WGWAP-related tasks but also staff who are not in management or the HSE department, such as drillers, production workers and crews of the platform supply vessels. Employees are proud to work for a responsible company, which puts a premium on conservation and environmental stewardship. This reinforces the HSE culture, which provides benefits to the company and thus even more support for the whale work. And it is not just the employees. Sakhalin Energy has also demonstrated its corporate pride in its western gray whale work. In 2013 it produced the book *Gray Whales: The Sakhalin Story* for both English- and Russian-speaking audiences.



Craig Hayslip, Oregon State University, Marine Mammal Institute

4 Improving stakeholder engagement

Although it has been uncomfortable at times, the company benefits from stakeholder engagement and dialogue. It has certainly learned how to cooperate more effectively with NGOs through the WGWAP process, while also strengthening its capacity to interact with the local and international NGO community by implementing best practices that protect Russia's natural heritage. There was a great deal of criticism in the past from NGOs and, while there continues to be room for improvement, the conversations are now more direct and transparent, with WGWAP recommendations made publicly available.

In 2008, Sakhalin Energy initiated engagement with local stakeholders, which led to the establishment by the Sakhalin Oblast Environmental Council of its Working Group on Biodiversity. The group generally holds two meetings per year to discuss how the company is implementing its environmental programme, including its whale work, and to enable collaboration with local authorities, NGOs and scientific institutions on these issues. Between 2011-2013, the group expanded, with ENL, Rosneft-Sakhalinmorneftegaz and Gazpromdobuchashelf joining it, and the focus has broadened with more topics discussed. Representatives from this group have attended WGWAP meetings to promote fertilization of ideas, in particular from the local Russian Oblast.



5

Influencing Shell

In 2006, when WGWAP was set up, Shell was the major shareholder in Sakhalin Energy. Today, Gazprom is the major shareholder and operator of Sakhalin Energy, which includes Shell, Mitsui and Mitsubishi as shareholders.

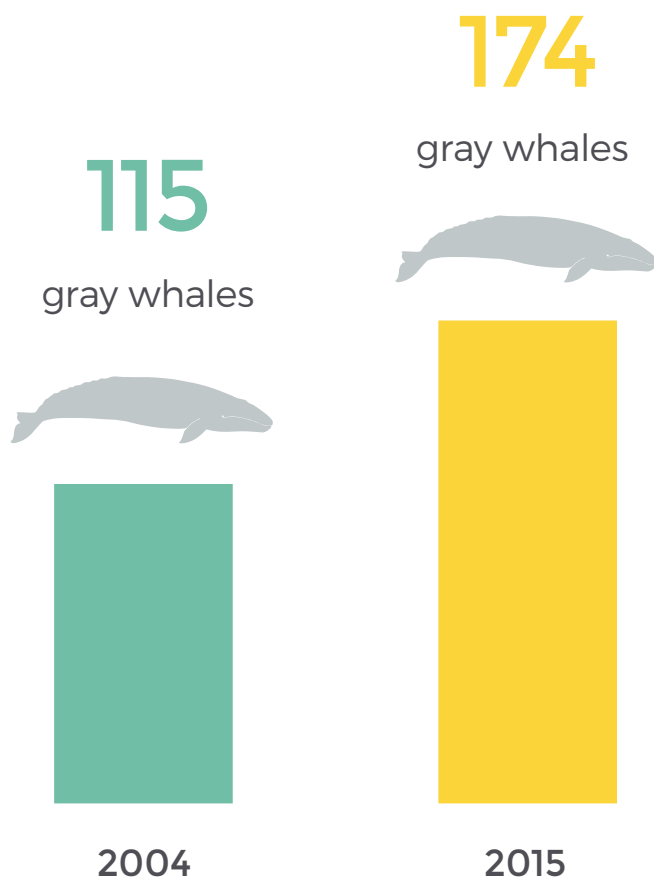
Shell representatives report that the experience with WGWAP has been important in the company's effort to improve its environmental performance and approach. Shell's approach has evolved to one of 'dialogue, design and deliver', where early environmental and biodiversity screening is now integral to the company's business processes and involves interacting and collaborating with experts, scientists and other stakeholders early in its projects.



Chapter 3

Influencing Science and Conservation Practice

Over the past 10 years, the WGWAP process has provided an important platform for scientific work.



Thanks to a number of significant contributions to science that have emerged through the Panel's work in collaboration with the company and other scientists in Sakhalin, there is now a better understanding of the gray whales' population dynamics and behaviour, and their fragile habitat – and how to protect both the animals and their environment.

Keeping the Whales in Sight: Annual Population Assessment

Regular assessments of the Sakhalin gray whale population are an important part of the work of the Panel. A population dynamics model developed by Panel member Justin Cook is used to estimate the population size and structure, rate of increase, and key indicators such as calving and mortality rates. These assessments have shown that the number of gray whales coming to feed in Sakhalin waters has been increasing steadily, from an estimated 115 individuals in 2004 to 174 by 2015. However, they have also revealed significant variations in calving and mortality rates in different years, which could be linked to the impact of industrial activities and/or to broader environmental factors.

Two photo-identification and biopsy programmes operate in Sakhalin. The first began in 1995 as a joint Russian-US project, photographing the whales and comparing markings on the skin to build up a catalogue of recognized individuals over time. There are now over 240 individuals in the Russia Gray Whale Project's catalogue, although not all of them are still alive. The

project is currently run by the Pacific Geography Institute (Kamchatka branch) in co-operation with the Marine Mammal Council of the Russian Federation, and has been supported primarily by the International Fund for Animal Welfare (IFAW). The Institute of Marine Biology in Vladivostok has run the other programme since its launch in 2002 as part of the Joint Research Programme of Sakhalin Energy and Exxon Neftegas Limited.

The two photo-id teams have regularly compared their catalogues and over 90 percent of the individually identified whales were found to be common to both catalogues during the most recent comparison. Additional photo-id research was conducted off eastern Kamchatka from 2006 to 2012, which also identified many of the same whales photographed at Sakhalin. A population assessment using all three data sets (Russia Gray Whale Project, Joint Programme Sakhalin and Joint Programme Kamchatka) was presented to the October 2014 Panel meeting.



Flex, a tagged Western Gray Whale. Photograph by David W. Weller

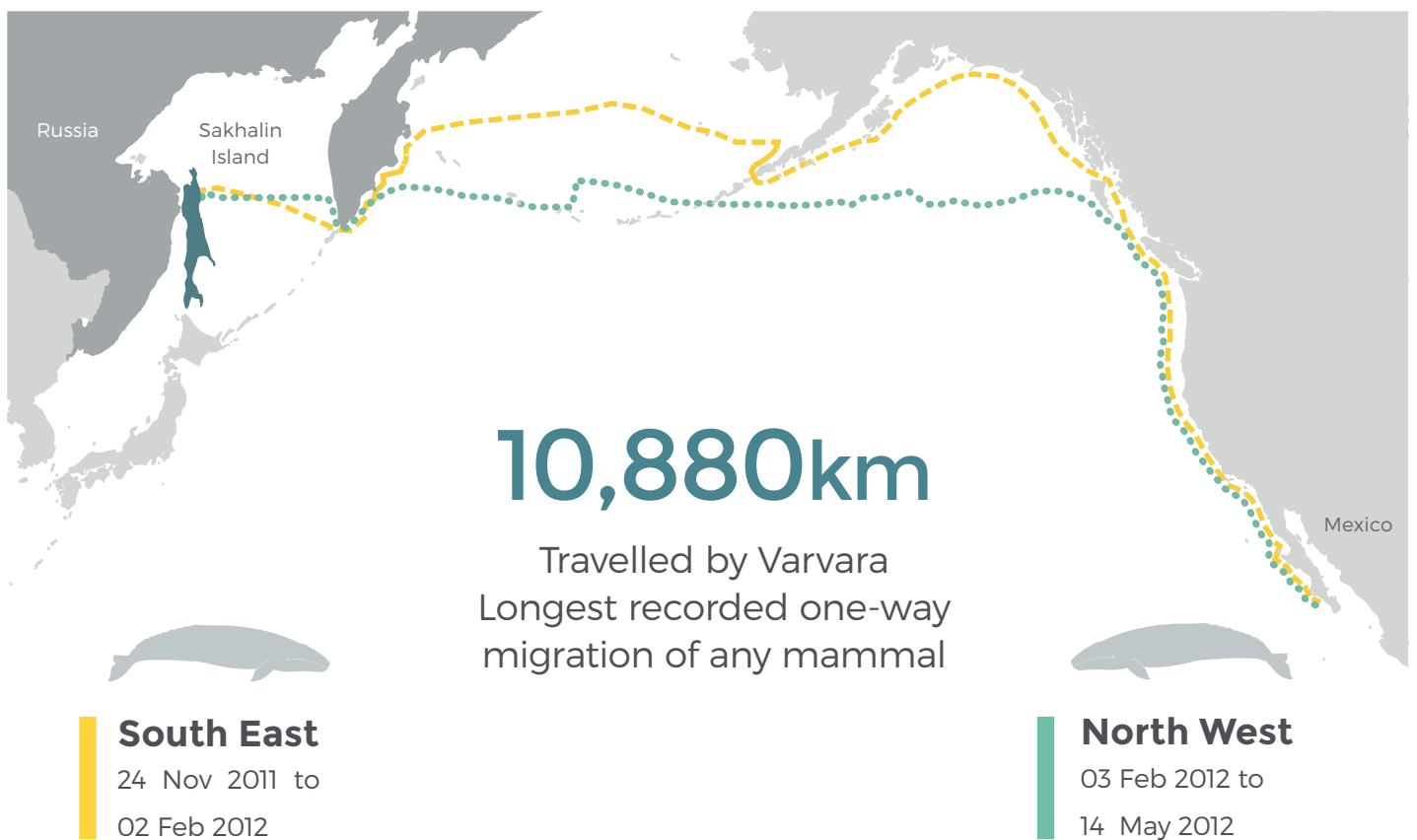
‘Western’ Gray Whale Tagging Surprise

Before 2010, understanding of the western gray whale population was primarily based on shore- and vessel-based observations off Sakhalin Island and on inferences from historical whaling records. To improve this situation and so enhance the quality of advice provided to Sakhalin Energy and other stakeholders, Russian and American scientists developed a satellite-tagging programme, with input from WGWAP. The Panel and the IWC Scientific Committee were the primary fora for scientists to determine the design and procedures for the tagging programme and consider its results. The aim was to gather more data about the whales’ movements and behaviour, and above all to discover where they went in winter in order to provide effective protection for them during their breeding and calving season when they are not at Sakhalin.

Conducted in 2010 and 2011, the tagging study produced some surprising new information: three whales from Sakhalin migrated east. Instead of swimming south

along the coast of Asia as expected, they were tracked by satellite heading across the Bering Sea and NE Pacific to the west coast of North America. One female, known as Varvara, then travelled south towards Mexico’s Baja California peninsula, 10,880 km from Sakhalin, the longest recorded one-way migration of any mammal. This information underlines the importance of the feeding grounds off Sakhalin, since these whales need to acquire enough nourishment there during the summer months not only to sustain them for the rest of the year but also to provide them with the energy reserves to migrate to and from their wintering grounds in Mexico.

This discovery prompted additional work to compare the photographs and DNA obtained off Sakhalin with photographs and DNA obtained from gray whales in Canada, USA and Mexico. The tagging results in combination with this follow-up work have significantly improved everyone’s understanding of gray whale movements and migration patterns.



Varvara’s route migrating from Sakhalin Island, Russia, to the eastern North Pacific. The legend depicts departure and arrival/end dates. Image based on research led by Mate, Bruce., et al. “Critically endangered western gray whales migrate to the eastern North Pacific.” *Biology letters* 11.4 (2015).

Developing Best Practices for Conducting Marine Seismic Surveys

Oil and gas companies undertake seismic surveys to find and assess resource reservoirs under the seabed. While these surveys do not alter the ocean floor, the loud, low-frequency air gun sounds that are emitted every 10-20 seconds during the surveys, which can last for weeks or months, risk damaging the hearing, and disrupting the activities, of whales and other organisms – so it is critical to adopt measures to minimize the potential impact.

Planning for the 2010 Astokh 4D seismic survey represented a major investment of time by the Panel, Sakhalin Energy and the WGWAP Seismic Survey Task Force – and a major step forward. Indeed, the Monitoring and Mitigation Plan (MMP), which was adopted by Sakhalin Energy after discussions at five Task Force sessions and reviews at five WGWAP meetings, was described at the time as the most comprehensive publicly available whale protection plan ever developed and implemented for a seismic survey anywhere in the world.

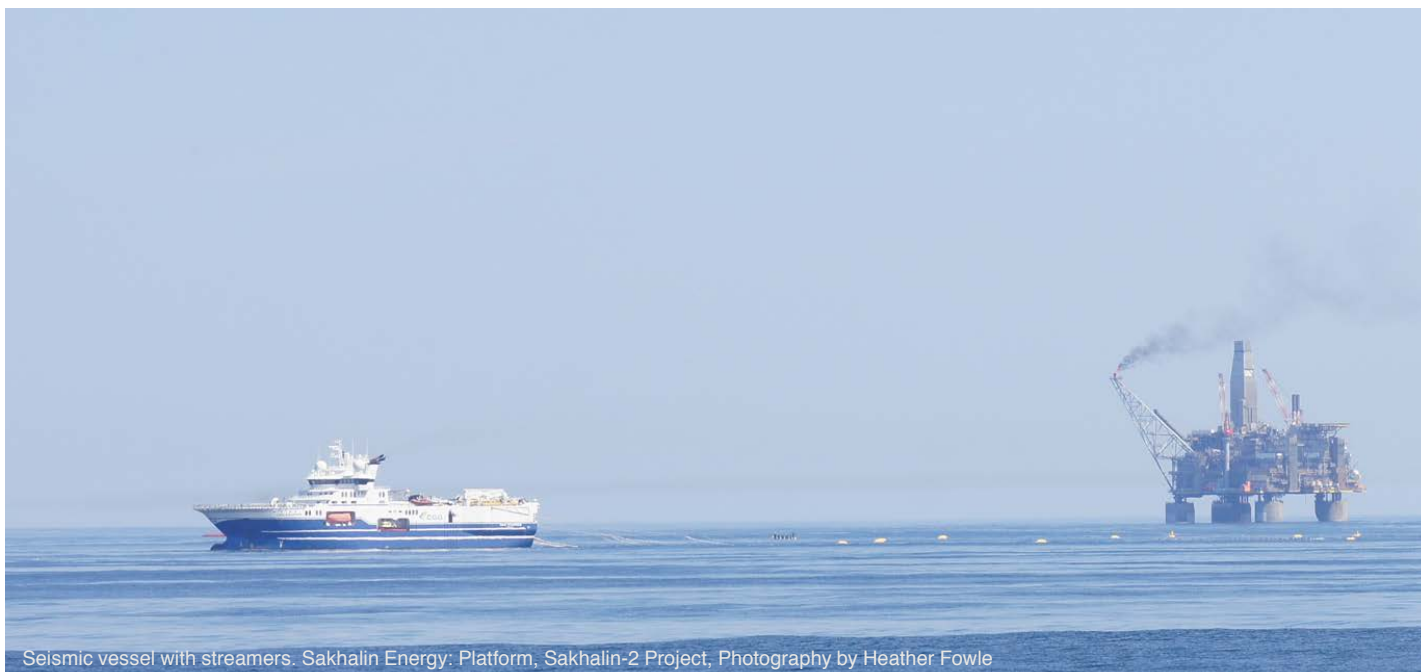
Based on the work carried out between 2006 and 2012 within the WGWAP context and particularly the development and implementation of the company's MMP, experts from the Panel and Sakhalin Energy collaborated to write a peer-reviewed scientific paper entitled "Responsible Practices for Minimizing and Monitoring Environmental impacts of Marine Seismic Surveys with an Emphasis on Marine Mammals," which was published in the journal *Aquatic Mammals* in 2013 (volume 39(4), pages 356-377). The authors of the paper proposed a broad

approach, which can be adapted to seismic surveys in any environmentally sensitive area and has been endorsed by the IWC. Lead author Dr. Doug Nowacek, a WGWAP member from Duke University, described the article as a:

“valuable tool for oil and gas companies, regulators and others on all aspects of developing and implementing successful environmental monitoring and mitigation programmes that are precautionary, responsible and effective.”

The paper has had a significant impact. It has been referenced in over 200 reports in the scientific and mainstream press, including features in *The Scientist* and *National Geographic*. NGOs have also used its findings to support their advocacy work, such as citing the paper in letters to energy companies in various countries, even as far away from Sakhalin as Australia.

This paper has also informed a number of government policy processes related to marine seismic surveys outside the Russian Federation, including discussions in the US and New Zealand. It has also featured in intergovernmental policy discussions in the Convention on Biological Diversity on issues such as underwater noise and impacts on biodiversity in the Black, Mediterranean, Baltic, Irish and North Seas, as well as the Atlantic Ocean.



Seismic vessel with streamers. Sakhalin Energy: Platform, Sakhalin-2 Project, Photography by Heather Fowle

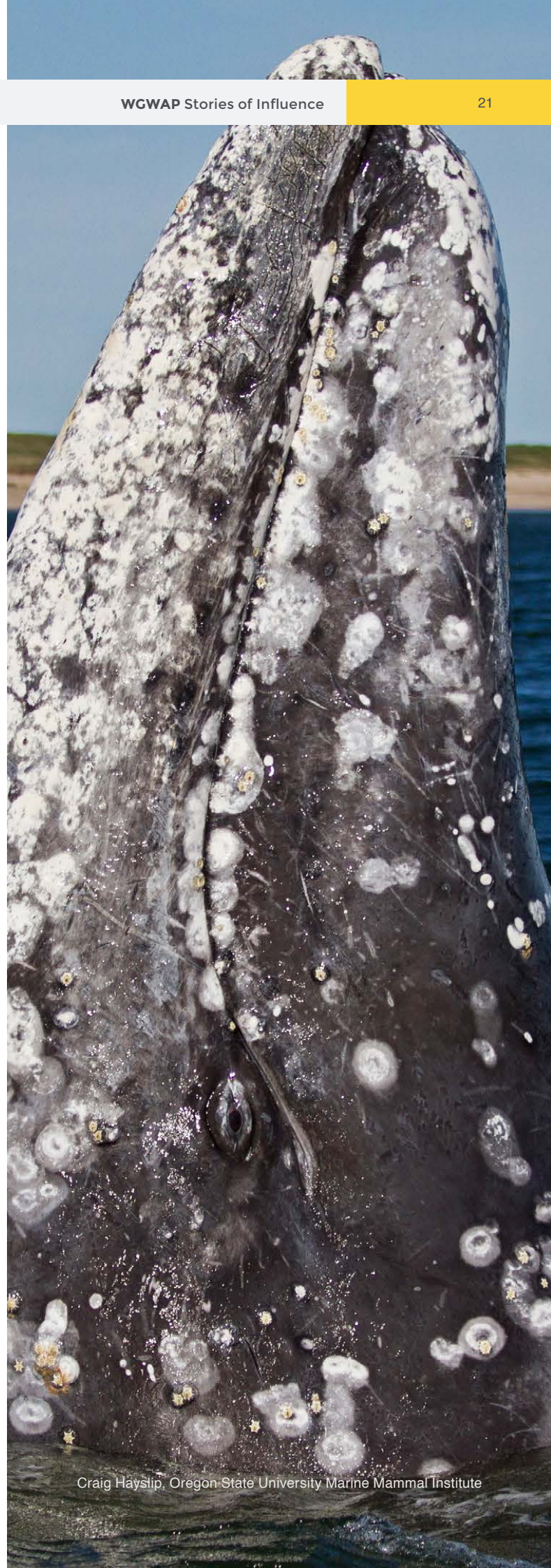
Working with the International Whaling Commission (IWC)

The IWC was deliberating on issues related to the conservation of western gray whales well before the Panel's existence, but its recent and current deliberations have benefited considerably from inputs stemming from WGWAP's work. The Panel's findings and recommendations are shared – and often explicitly endorsed – during IWC Scientific Committee meetings, while a summary of WGWAP's work is regularly annexed to the Committee's annual report.

Connections between WGWAP and the IWC are close. One of the Co-chairs of the Panel, Greg Donovan, is Head of Science at the IWC, while the other Co-chair and a number of other Panel members sit on the IWC Scientific Committee. This provides natural synergies between the IWC, which supports a broader range-wide view of gray whale issues, and the Panel, which can dedicate considerably more time specifically to western gray whale issues than the Scientific Committee. Without the Panel, western gray whale issues would probably be less well known within the IWC as the scientists would then be left to report to the Commission as individuals rather than on behalf of a recognized international team.

Several Panel members also worked with IUCN to draft the IWC/IUCN 'Conservation Management Plan (CMP) for the Western Gray Whales,' which was one of the first CMPs adopted by the IWC. To take this plan forward, the IWC encouraged the development of a Memorandum of Cooperation on Conservation Measures for the Western Gray Whale Population among the range states. By January 2016, this memorandum had been signed by the Russian Federation, US and Japan, while Mexico, Canada, China and the Republic of Korea were considering signing.

The memorandum is non-binding, but it aims to promote governmental cooperation with organizations qualified in the conservation, study and monitoring of western gray whales. It also provides WGWAP with additional avenues for influence through a number of provisions that explicitly request the participating states to, for example, cooperate with the Panel and connect the Co-Chairs of WGWAP with national focal points and regularly update them on implementation of the memorandum.





Flex, a tagged Western Gray Whale. Photograph by Hyun Woo Kim

Chapter 4

Influencing National Processes

The high-level recognition, international exposure and focus on western gray whales due to WGWAP's work have catalysed and expanded interest over the years, leading to the creation of other discussion fora where NGOs, scientists and business people can exchange information on issues related to the whales.

Catalysing New Discussion Fora

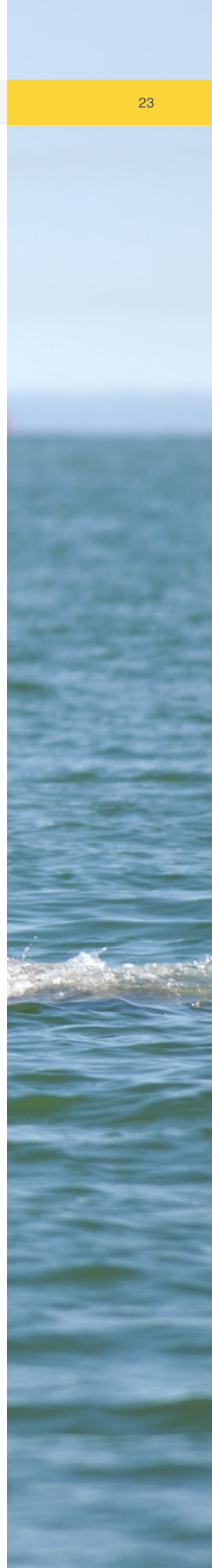
On several occasions since 2004, the Panel Chair and certain other Panel members made presentations and participated in workshops on western gray whales at the biennial Holarctic Conference on Marine Mammals in Russia. Moreover, a small workshop on WGWAP was organized and led by IUCN and Sakhalin Energy at the quadrennial IUCN World Conservation Congress in the Republic of Korea in 2012.

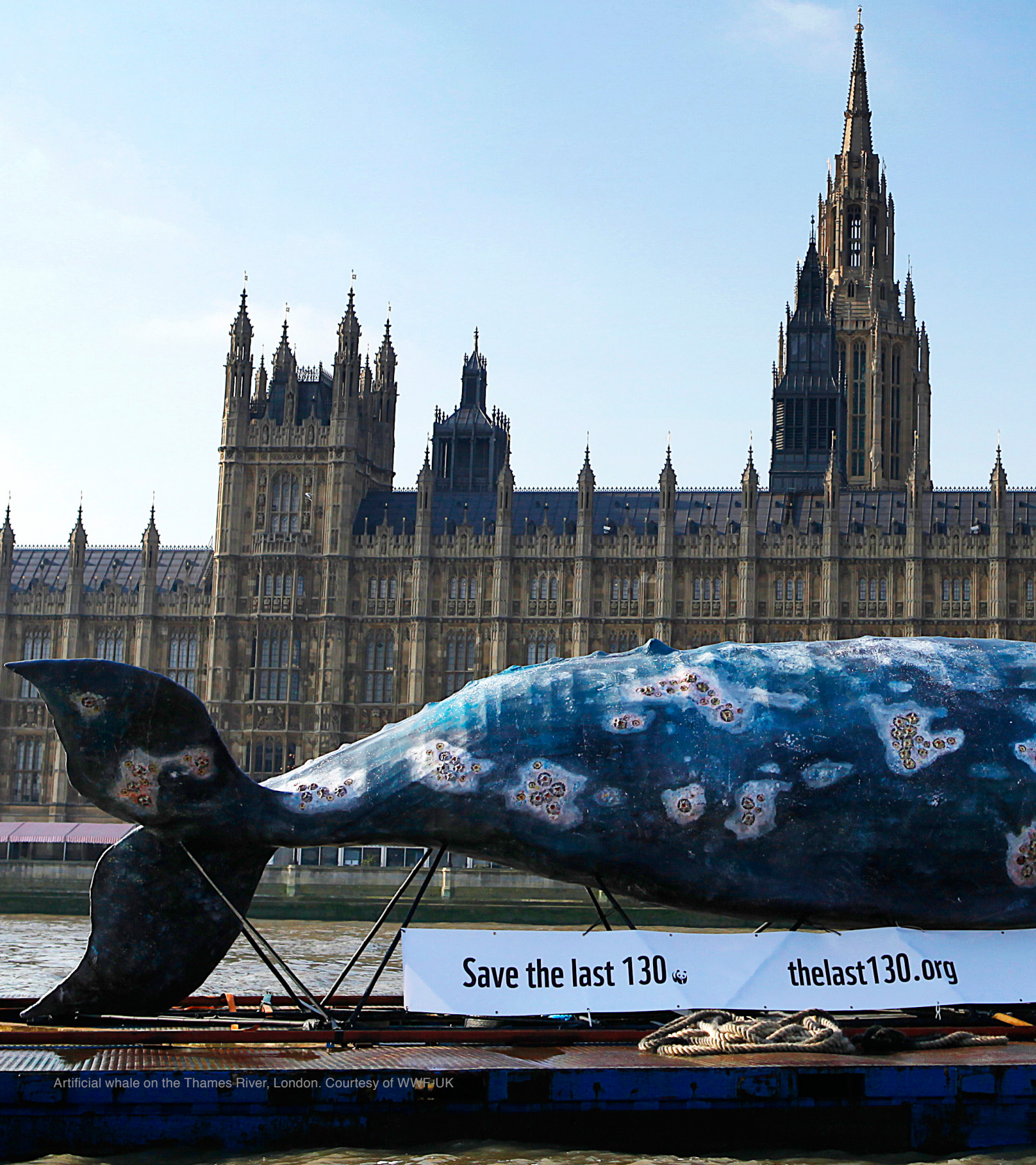
In 2008, the Expert Working Group on Biodiversity was set up under the Sakhalin Oblast Environmental Council, which is under the Governor of Sakhalin Oblast. Two years later, a new Russian Federation initiative, the Interdepartmental Working Group on Gray Whale Conservation (IWG) was created under the auspices of the Ministry of Natural Resources and Environment. Oil and gas companies are members of, and regularly attend, both of these fora, which have also recognized the important role of WGWAP. In 2015, for the first time, the Sakhalin Oblast Government invited Panel representatives to attend a meeting specifically held to facilitate coordination of the 2015 seismic surveys off Sakhalin, during which a number of WGWAP recommendations were adopted. In the same year, the IWG formally endorsed a mechanism to allow coordination with IUCN and WGWAP, while also referencing in its own report some of the Panel's conclusions concerning analyses of the 2015 seismic survey data as well as the Panel's offer to support future MMP development and review.

Using the WGWAP Model as an Example in Other Regions

On 5 June 2014, Russian President Vladimir Putin marked World Environment Day by convening a high-level dialogue in Moscow with representatives from business (Shell Russia, BP Russia, Exxon Russia and Rosneft among others), government and the media as well as a number of scientists and environmentalists to speak about environmental safety in the Arctic region. The Russian Ministry of Natural Resources specifically invited WWF-Russia because of the organization's involvement in issues concerning oil and gas development at Sakhalin (it has participated actively in the Sakhalin NGO coalition for many years and in WGWAP meetings since the Panel's inception) and because the WGWAP process was regarded as a positive experience and a potential model to be shared. WWF-Russia presented lessons learned, noting that Russia's experience has resulted in the development of best practices that are applicable to offshore oil and gas exploration and operations in other regions.

The meeting, during which representatives of WWF-Russia had the opportunity to sit with President Putin and share their Sakhalin experiences, produced a number of significant outcomes. In particular, the president subsequently issued an order for Russian energy companies (Gazprom, Rosneft, Novatek and Lukoil) to develop biodiversity action plans, and implement ecosystem-based management for offshore oil and gas operations.





Artificial whale on the Thames River, London. Courtesy of WWF-UK

Chapter 5

Influencing Lenders and NGOs

The WGWAP was created within, and some would say partially in reaction to, a complex geopolitical situation.

When Geopolitical and Conservation Priorities Converge

In the early 2000s, Sakhalin Energy sought funding for Sakhalin-2 Phase 2, which would expand its operations by adding two new platforms, offshore and onshore pipelines, an onshore processing facility, and a Liquefied Natural Gas (LNG) facility.

At that time the Russian Federation did not yet have its own offshore development capabilities and was open to collaboration with international companies for oil and gas exploitation. However, the political situation in the country, which was still considered to be relatively unstable for investors, presented a risk for Sakhalin Energy's shareholders: seeking funds from international financial institutions, such as those based in Europe, Japan and North America, was seen as a way to help minimize the investment risk.

It was against this background as well as intense civil society pressure that the final group of lenders – a consortium of government and commercial banks – granted the loan for the project, but only after incorporating the condition that led to the creation of WGWAP.

thelast130.org

In 2012 WWF launched an online campaign “thelast130” calling on the general public to sign a petition urging the European lenders to the Sakhalin-2 project—BNP Paribas, Credit Suisse and Standard Chartered—to oppose a plan for an additional oil platform. To highlight their cause, the environmental group floated a life-sized whale replica down the River Thames in London.



From Pressure to Partnership: the NGO Coalition Changes Shape

At the same time as financing was being sought for Sakhalin-2 Phase 2, an international NGO coalition was formed to try to block funding for the project, which its members felt would be detrimental to the future of the critically endangered western gray whales and the ecosystem. Led by WWF, IFAW, Friends of the Earth and Pacific Environment, with a local NGO partner, Sakhalin Environment Watch, the organizations first opposed the financing, and then worked together to delay it while securing key conditions, such as the creation of WGWAP. Today, the coalition participates in and supports the WGWAP process to monitor the Sakhalin-2 project through onsite observations at Sakhalin and attending WGWAP meetings, where NGOs regularly provide valuable contributions.

The Sakhalin western gray whale NGO campaign has involved more than 146 organisations in 22 countries since the mid-1990s. In the early years, NGOs focused primarily on observation work in Sakhalin, engaging their own scientists as well as some Russian academic institutions to monitor the actions of the company and assess impacts on the whales. A critical role was played at that time by US researchers Robert Brownell, David Weller, and Amanda Bradford, who raised funds and carried out or led much of the fieldwork on Sakhalin gray whales with Russian, Japanese and Korean collaborators.

NGO coalition members undertook focused letter-writing campaigns as well as some direct action and demonstrations targeted at the public financial institutions involved in the agreement with Sakhalin Energy since those institutions must justify their loan decisions to the public.

In the early years of the coalition, there were conflicts between the NGOs and the company, especially since

international media coverage in the early 2000s supported the NGO coalition's concerns about western gray whales and was critical of the company's actions. Sakhalin Energy did not respond well to the NGOs' confrontational approach, which affected trust between the company and the campaigners, exacerbating existing communication challenges and conflicts between the two sides. The NGO coalition took a hard-line approach initially. For example, in 2005, the coalition took Sakhalin Energy to court, and the court upheld the NGOs' complaint that the company's environmental impact assessment of its new development plans was inadequate. One academic case study from 2005 stated that:

“Both sides of the conflict have recognised that if SEIC [Sakhalin Energy] had started a dialogue and taken campaign views into account earlier, the [Sakhalin 2] project planning and implementation process would have been less painful and lengthy.”

However, since the WGWAP process began, the engagement process has become smoother, with many participants reporting increased dialogue and cooperation between the NGOs and the company. Indeed, the overall aim of the NGO campaign now is not to oppose the Sakhalin-2 project, but to ensure it has the minimum possible impact on the whales and their habitat. They still use the media and their networks to communicate about developments at Sakhalin, but now they focus on garnering support for the WGWAP process and conservation efforts for the western gray whales.

 146

NGOs involved in the Sakhalin Western Gray Whale campaign

 22

in countries since the mid-1990s

Pushing to Prevent the Proposed Third Platform

In reaction to the company's plans to build a third platform in the Piltun-Astokh field, the NGO coalition sent an official Statement of Concern to WGWAP on 31 March 2011 explaining its views and concluding:

“The undersigned organizations therefore believe that Russian and Sakhalin authorities, financial institutions, consumers, and other interested parties should act within their power to prevent additional Sakhalin-2 project activities progressing.”

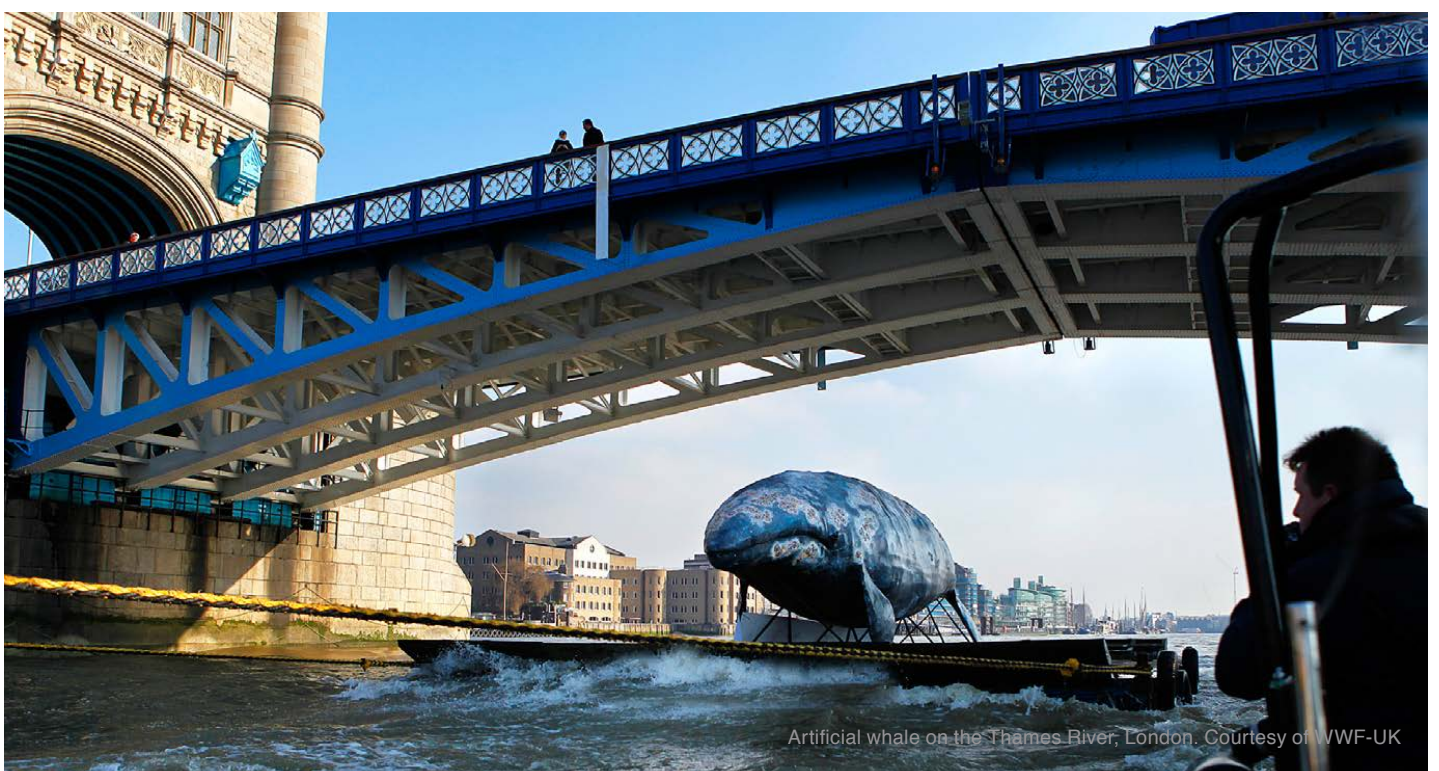
A similar letter was sent to lenders and a campaign was launched prior to WGWAP's 10th meeting in the hope that the encounter would provide an opportunity for further discussion, which would eventually lead to the cancellation of plans for a third Piltun-Astokh platform. WWF also launched a campaign to encourage the banks to say “no” through an online petition called “thelast130” in reference to the estimated number of western gray whales thought to exist at the time. In addition, WWF invited people in London to visit a life-sized whale replica on the south bank of the Thames River, and distributed a newspaper entitled “The Daily Whale”, which was handed out in London Underground stations to raise public awareness about the issue. In February 2012, WWF, Pacific Environment, IFAW

and Sakhalin Environment Watch urged BNP Paribas, Credit Suisse and Standard Chartered, which were three of the banks involved in the deal, to oppose the plans for a third platform since it was not part of the original Sakhalin 2 Phase 2 project proposal and was not mentioned in the Environmental Impact Assessment.

The previous WGWAP meeting (WGWAP-9) had featured a debate about the third platform, which resulted in the Panel's refusal to endorse the project. WGWAP also recommended that construction be postponed until a more thorough assessment of the impact on the whales had been conducted (WGWAP-9/015) and that, before making any decisions on whether to undertake the construction of the new platform, the company provide:

“a document describing the feasible options considered in reaching the current tentative decision to proceed with a new platform”

The third platform story is a good example of the company engaging with stakeholders early, even before it was clear whether the project could be economic or not. Based on a number of factors, Sakhalin Energy decided late in 2012 to postpone the project.



Artificial whale on the Thames River, London. Courtesy of WWF-UK

Conclusion & Next Steps

After more than ten years of interaction – marked by intense disagreement and debate at times, as well as by close collaboration, especially in recent years – the partners in the WGWAP process feel they have made considerable progress towards finding the best possible solutions to mitigate the impacts of oil and gas development on the gray whales that feed off Sakhalin, while enabling Sakhalin Energy to meet its overall operational objectives.

The array of stakeholders is complex, with a history of challenging and sometimes strained relations. And yet, the independent advisory panel of scientists continues to deliver and the company increasingly collaborates with it on strategic issues. The process has provided a rich learning experience for all participants and created opportunities for them to develop their own capacity and expertise in a multi-stakeholder dialogue – lessons that can be useful in other equally complex environments.

The WGWAP process has produced a number of benefits. It provides the company with reliable scientific advice, acts as a sounding board and helps with future technological choices, while also serving as a formal channel for stakeholders to engage with one another in a constructive and productive way. The NGOs benefit from the transparent and collaborative process, which incorporates their voices in a structured manner. IUCN cultivates a replicable model, which it has used to develop independent

scientific panels for other business/conservation processes, and learns from its own experience about how it can play an instrumental role as independent convener. The science community gets open access to useful information and is reassured that analyses are subject to objective, independent expert scrutiny, and that data is archived for future use. And society sees that innovative tools can be created to help solve some of the challenges posed by environment vs development issues globally.

However, it is critical that other oil and gas players in Sakhalin (such as Exxon) as well as other sectors (especially fisheries) actively participate in this platform in the future to ensure broader cooperation and implementation of best practices to minimize any negative impacts on the whale population.

Overall, the WGWAP experience has shown that such independent scientific panels can play a positive role in nature conservation and help companies reduce the impacts of large-scale offshore projects in ecologically sensitive areas. Structured processes like this one can have a positive influence not only on oil and gas company practices and procedures, but also on the work of other stakeholders, including national and international policy fora, the scientific community and civil society in varied and sometimes surprising ways.

We hope the WGWAP process helps pave the way for similar collaborative approaches wherever they are needed.



Annex

List of Interviews

1. Randall Reeves, WGWAP Co-chair
2. Greg Donovan, WGWAP Co-chair
3. Jonathan Hancox, Ramboll Environ (Lender Environmental Advisor)
4. Bruce Mate, Ramboll Environ (Lender Environmental Advisor) and Oregon State University
5. Stephanie Lock, Sakhalin Energy
6. Mike Donaghy, MDA Ltd (Sakhalin Energy Environmental Advisor)
7. Alexey Knizhnikov, WWF Russia
8. Anna Filippova, IFAW Russia
9. Maria Vorontsova, IFAW International
10. Alexey Vladimirov, UNDP
11. Dmitry Lisitsyn, Sakhalin Environment Watch
12. Doug Norlen, Friends of the Earth (Formerly with Pacific Environment)
13. Wendy Elliott, WWF International
14. Ekaterina Selvestru, Pacific Environment
15. Brandon Southall, WGWAP Panel
16. Alexander Vedenev, WGWAP Panel
17. Grigory Tsidulko, WGWAP Panel
18. Douglas Nowacek, WGWAP Panel
19. Justin Cooke, WGWAP Panel
20. Deric Quaile, Shell Global Solutions
21. Richard Evans, Formerly with Shell and Sakhalin Energy
22. Roberto Racca, Jasco Applied Sciences (Sakhalin Energy Acoustic Expert)
23. Giulia Carbone, IUCN
24. Anete Berzina, IUCN
25. Aimée Leslie, WWF International



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