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**On environmental and socio-economic damage  
resulting from implementation of the Russkiy Mir II Project,  
associated with the use of local roads within the Taman rural community**

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are forwarding to you a complaint in connection with the environmental and social damage resulting from implementation of the Russkiy Mir II project, which received financing from the International Finance Corporation in 2005.

In 2005 the International Finance Corporation (IFC) provided a loan to the Russkiy Mir Group of Companies (the Russkiy Mir II project, project number: 23870, Environmental category: "B") for the construction of a transshipment complex (terminal) for the handling of liquefied petroleum gas and petroleum products on the Taman Peninsula. The project was approved by the IFC Board of Directors on April 29, 2005.

Size of the loan: 100 million U.S. dollars (\$45 million from the IFC's own funds and \$55 million in the form of a syndicated loan with Natexis Banques Populaires).

The project team for this particular project included XXXXXXXXXXXX an IFC investment advisor, and XXXXXXXXXXXX a senior environmental specialist at the IFC.

Location of the project: Taman Rural District, Temryuk Region, Krasnodar Territory, Russia, as well as the area of the Black Sea between Cape Panagia and Cape Zhelezny Rog [Iron Horn].

Nearest population centers: village of Volna, Taman Station, village of Tamansky, village of Artyushchenko.

Official names of the two sub-projects that are part of the overall transshipment complex, for which the IFC loan is being provided: “Taman Liquefied Petroleum Gas (LPG) Tank Farm” and “Taman Oil Terminal (phase one).”

The project is being carried out by Tamaneftgaz Closed Joint-Stock Company, a subsidiary of the Russkiy Mir Group of Companies.

In the process of implementing the Russkiy Mir II project, the Tamaneftgaz Company did not take a reasonable approach to dealing with transportation support for construction operations, and instead of building bypass roads that would avoid adverse transportation effects on residential areas and local roads necessary for maintaining transportation links among population centers, it decided to use the existing roads of the Taman rural community for the transport of its own freight. As a result, the community’s residents encountered problems associated with heavy traffic on the streets of Taman Station and the village of Volna, and also along the road linking these population centers, with heavy-duty trucks delivering building materials and large-scale structures to construction sites at the Taman LPG tank farm and the Taman oil terminal.

This has had a negative impact on the environment as a result of the noise and dust being generated; it has caused damage to many properties, and homeowners have seen cracks appear in their houses due to vibrations from the heavy truck traffic; it has increased the risk of traffic accidents; and it has created a critical problem of severe damage to the road between Taman and Volna, as well as the local roads within Taman and Volna, as a result of intensive use of the road bed in excess of the design specifications.

While major federal highways are designed for traffic by heavy-duty trucks carrying up to 6 metric tons per axle, local and village roads are not meant for trucks that carry even 3 metric tons per axle. As a result, roads that have been broken up by heavy trucks being used in the construction of the Tamaneftgaz facilities have become completely unusable. Severe damage has been done to the road bed between Taman and Volna, and to seven kilometers of asphalt road surfacing on the following streets in Taman Station: POBEDA, 8th Guard, MARAT, KARL MARX, PROLETARIAT, and OCTOBER, while partial damage has been done to LENIN and TAMANSKAYA streets in the village of Volna.

These streets are currently in need of major repairs. In the village of Volna heavy trucks have travelled and are traveling on the local roads not only in the course of normal operating activities, but also during “personal” trips to the village by the drivers of these trucks who work for the Tamanneftegaz company.

As a result, there has been a significant detrimental impact on the life of the local community in environmental and socio-economic respects, both as a result of the direct effects from the truck traffic, and also as a result of the damage the trucks have done to the roads.

Unlike federal and territorial roads, the local road between Taman and Volna, as well as the roads within the villages, are maintained at the expense of the local budget. But the Taman rural community administration cannot afford to repair the roads damaged in the process of the Russkiy Mir II project. Due to the fact that the territorial community self-governing body of the village of Volna fought vigorously against the damage to roads in the village and the road between Taman and Volna, the Tamanneftegaz company was forced to repair the road. But throughout the entire period that the Russkiy Mir II project has been underway, no measures have been taken by the Tamanneftegaz company to restore roads within the villages.

It was not only the Tamanneftegaz company that damaged the roads in the Taman community, but also the Togliattiazot and Efko companies, although this does not relieve Tamanneftegaz of responsibility. Having received an IFC loan, Tamanneftegaz was required in its operations to comply with the standards of that international financial institution and to address the problems associated with transportation support for its construction work in a reasonable way.

According to the IFC’s Policy on Social and Environmental Sustainability, “Central to these requirements is a consistent approach to avoid adverse impacts on workers, communities, and the environment, or if avoidance is not possible, to reduce, mitigate, or compensate for the impacts, as appropriate.” The policy also states that “Central to IFC’s development mission are its efforts to carry out its investment operations and advisory services in a manner that ‘do no harm’ to people or the environment. Negative impacts should be avoided where possible, and if these impacts are unavoidable, they should be reduced, mitigated or compensated for appropriately. In particular, IFC is committed to ensuring that the costs of economic development do not fall disproportionately on those who are poor or vulnerable.” The situation that has developed indicates that these provisions of the policy are not being met in the implementation of the Russkiy Mir II project.

We ask you to review our complaint and take measures to satisfy our demands:

1. Tamanneftegaz Closed Joint-Stock Company should halt all heavy truck traffic on local and village roads in the village of Taman and resolve the issues of providing transportation support for the construction of the Taman LPG tank farm and the Taman oil terminal by building bypass roads that do not impinge upon residential areas.

2. The asphalt road bed on all local roads (including those within villages) in the Taman rural community that has been damaged by the effects of heavy trucks operated by Tamanneftegaz Closed Joint-Stock Company should be repaired completely within three months of the satisfaction of this complaint.

3. As compensation for environmental and socio-economic damage resulting from heavy truck traffic, the company should provide for the asphaltting of several new village roads in consultation with the administration and Council of Deputies of the Taman rural community.

**Igor Leonidovich Golubenzov** /signature/

**Viktor Viktorovich Kravchenko** /signature/

**Boris Nikolayevich Smirnov** /signature/

**Aleksei Igoryevich Golubenzov** /signature/

**Olga Mikhailovna Golubenzova** /signature/

September 17, 2008