



Environmental governance and voluntary market-based environmental responsibility mechanisms (ratings, certifications, sustainability reporting etc).

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Contemporary environmental regulatory tools draw on a combination of ‘hard’ mandatory regulatory measures imposed by the government and ‘soft’ voluntary commitments to environmental responsibility standards adopted by companies. Mandatory regulatory requirements aim to cut off most unsustainable companies, but do very little to create incentive for the better performing business. Under such conditions companies opt to adopt the minimum requirements, but are reluctant to go beyond legality and become more sustainable. At the same time, some industries choose to adopt voluntary environmental standards, which they believe will increase their competitive advantage in environmentally sensitive markets and afford access to longer-term and affordable sources of finance.

The following two research hypothesis and three research questions are offered and will discuss:

Research hypothesis 1. Combining market-based approaches based on international voluntary environmental standards with command-and-control national standards is a more effective approach than traditional mandatory national environmental regulations alone. This hypothesis is most applicable to emerging economies with a high risk of corruption and low resistance by state authorities to pressure from companies that ignore mandatory environmental responsibility standards.

Research hypothesis 2. Wider proliferation and application of international voluntary environmental standards in emerging economies could potentially create disincentives for those Foreign Direct Investments (FDIs) which seek to invest in ‘pollution havens’.

Research question 1: Can voluntary mechanisms based on international environmental responsibility standards have a significant impact on the oil, gas and mining sectors, comparable with the influence of international voluntary standards applied to soft commodities (timber, marine biological resources, aquaculture, palm oil, soy, etc.)?

Research questions 2: Are there significant differences in levels of environmental responsibility between different types of companies depending on their ownership status (state owned vs. privately owned)?

Research question 3: Are there significant differences in levels of environmental responsibility between oil companies depending on the degree of their internationalization (Russian ownership and capital vs. international/foreign ownership and investors)?

Keywords: Oil, gas and mining industries, environmental transparency, rating, environmental management, environmental impact, information disclosure