

THE CONTRACTORS' MANAGEMENT IN THE UKRAINIAN PETROLEUM INDUSTRY AS A FACTOR OF ENVIRONMENTAL PROTECTION

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Today, an important aspect for the Ukrainian oil and gas companies is to attract investment, particularly from foreign companies in order to improve the technological equipment of oil and gas industry and thus minimize the environmental impact of their activities. This situation will contribute to the development of oil and gas service, cost cutting for services provided, which is an important argument against the background of high-level value of domestic oil production, and increase the overall efficiency of oil and gas enterprises, creating conditions for stability of their work, which in turn will ensure energy security of the state at the appropriate level.

Managing social and environmental aspects of the contractors in the chain is a key issue for the management of oil and gas companies. The contractors are performing the practical implementation of the projects influencing the living conditions of the local population and the state of the environment. The social and environmental performance of contractors is less included in reports compared with information about the

requirements of safety and health. The main problems in the management of contractors in terms of social and environmental impacts of the oil and gas industry are: ineffective monitoring and control of the work of contractors; lack of openness and transparency in tendering and selection; optional inclusion in the terms of the contract of guidelines on impact assessment, the state environmental expertise, and corporate principles in the field of occupational safety, health and environment; lack of environmental and social performance of contractors in reporting of operating company; lack of effective mechanisms for the implementation of environmental legislation; corrupt practices.

Based on the generalized best experience of the operation of oil and gas companies, there are developed and systematized guidelines for the oil and gas companies and their contractors of "responsible" management, primarily in terms of minimizing social and environmental impacts of the industry. They can also be used by state and public organizations through controls on improving the management of contractors.