



## International Requirements for Social Performance

### Purpose

Maximise positive and minimise negative impact on society and to ensure that Sakhalin Energy's social management process meets international good practice and seeks to be a leader in this area.

This document shall be reviewed based on operational data and revised standards where applicable, within 12 months following Project Completion.

### Requirements related to IP – Adopted International Standards and other requirements

The table below lists Project specification regarding Indigenous Peoples against IFC PS 7 (January 1, 2012).


Subject	IFC Standard 7 Relevant Standard Requirements	Project Specification References
<b>Definitions</b>	Introduction (1-2)  Scope of Application (3-7)	<ul style="list-style-type: none"> <li>The company follows Russian Federation (RF) legislation and World Bank ECA practice in its definition of Indigenous Peoples.</li> <li>SIMDP, Section 1.5 "Scope of the Sakhalin Indigenous Minorities Development Plan 2", and 2.1 "Legal Framework".</li> <li>Indigenous Peoples Issues Management Specification (0000-S-90-01-O-0021-00-E Appendix 4), p. 3.</li> <li>Expert in indigenous matters was invited as part of SIMDPs 2006-2010 and 2011-2015 development to ensure adequacy of the Plan's scope.</li> </ul>
<b>Objectives</b>	Objectives: <ul style="list-style-type: none"> <li>To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.</li> <li>To anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts.</li> <li>To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.</li> <li>To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project's</li> </ul>	<ul style="list-style-type: none"> <li>Indigenous Peoples Issues Management Specification (0000-S-90-01-O-0021-00-E Appendix 4), Purpose.</li> <li>SIMDP, Section 1.1 "Objectives of SIMDP 2".</li> <li>SIMDP 2011-2015 was developed in compliance with FPIC requirement.</li> <li>SIMDP, Section 3 "Assessment of development opportunities, impacts and risks".</li> <li>SIMDP, Section 4 "Development measures".</li> </ul>



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	<p>life-cycle.</p> <ul style="list-style-type: none"> <li>To ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in this Performance Standard are present.</li> <li>To respect and preserve the culture, knowledge, and practices of Indigenous Peoples.</li> </ul>	
<b>IP Development Plan</b>	<p>Avoidance of Adverse Impacts (9) (extract):</p> <ul style="list-style-type: none"> <li>The client's proposed actions will be developed with the ICP of the Affected Communities of Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples Plan, or a broader community development plan with separate components for Indigenous Peoples</li> </ul> <p>Private Sector Responsibilities where Government is Responsible for Managing Indigenous Peoples Issues (21-22)</p>	<ul style="list-style-type: none"> <li>Indigenous Peoples Issues Management Specification (0000-S-90-01-O-0021-00-E Appendix 4), p. 4.</li> <li>SIMDP, Section 4.3 "Role of The Implementing Agencies".</li> <li>SIMDP, Section 4.6 "Cost Estimates and Financing Plan".</li> </ul>
<b>Consultations, information disclosure</b>	<p>Participation and Consent (10-17)</p>	<ul style="list-style-type: none"> <li>Indigenous Peoples Issues Management Specification (0000-S-90-01-O-0021-00-E Appendix 4), p. 5-6, 7-11, 12h.</li> <li>SIMDP, Section 1.3, 1.4, 3.2, and 4.3-4.5.</li> <li>SIMDP 2011-2015 was developed in compliance with FPIC requirement.</li> </ul>
<b>Avoidance of adverse impacts, impact assessment</b>	<p>Avoidance of Adverse Impacts (8, 9)</p> <p>Mitigation and Development Benefits (18, 19)</p>	<ul style="list-style-type: none"> <li>Indigenous Peoples Issues Management Specification (0000-S-90-01-O-0021-00-E Appendix 4), p.1, 4, 5, 6, 12b.</li> <li>SIMDP, Section 3 "Assessment of Development Opportunities, Impacts and Risks".</li> <li>SIMDP, Section 4 "Development Measures".</li> </ul>
	<p>Impacts on Lands and Natural Resources, and Relocation of Indigenous Peoples from Lands and Natural Resources Under Traditional Ownership or Customary Use (13-15)</p>	<ul style="list-style-type: none"> <li>Indigenous Peoples Issues Management Specification (0000-S-90-01-O-0021-00-E Appendix 4), p.19.</li> <li>All compensations for land were paid in the earlier phases of the Sakhalin-2 Project.</li> <li>Indigenous Peoples Issues Management Specification (0000-S-90-01-O-0021-00-</li> </ul>

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Subject	IFC Standard 7 Relevant Standard Requirements	Project Specification References
		E Appendix 4), p.1
	Critical Cultural Heritage (16, 17)	<ul style="list-style-type: none"> <li>Cultural Heritage Specification (0000-S-90-01-O-0021-00-E Appendix 5), p. 3.</li> </ul>
<b>Benefits to Indigenous Peoples from development</b>	Mitigation and Development Benefits (18-20)	<ul style="list-style-type: none"> <li>Indigenous Peoples Issues Management Specification (0000-S-90-01-O-0021-00-E Appendix 4), p. 12a,d.</li> <li>SIMDP, Section 4.1-4.2</li> </ul>

**Requirements related to Resettlement – Adopted International Standards and other requirements**

The table below lists Project specification regarding Involuntary Resettlement against IFC PS 5 (January 1, 2012).

Subject	IFC Standard 5 Relevant Standard Requirements	Project Specification References
<b>Definitions</b>	Introduction (1-3)  Scope of Application (4-7)  Displacement (17-18)	<ul style="list-style-type: none"> <li>Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), “What situations are covered?”</li> </ul> ‘Applies to all to Resettlement and Economic Displacement arising from Land Acquisition undertaken by Sakhalin Energy, including activities undertaken by Contractors on behalf of the company’. <ul style="list-style-type: none"> <li>Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 1, 5, 26.</li> </ul> For displacement and compensation where Indigenous Peoples are affected (including lands in traditional ownership or under customary use), see “International Requirements related to IP”.
<b>Objectives</b>	Objectives <ul style="list-style-type: none"> <li>To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs.</li> <li>To avoid forced eviction.</li> <li>To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation</li> </ul>	<ul style="list-style-type: none"> <li>Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 4-5, 7-9, 12-13, 14-16, 20-22</li> <li>The company shall avoid forced eviction if additional land acquisition is required for Project expansion or new developments.</li> </ul>



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	<p>for loss of assets at replacement cost and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.</p> <ul style="list-style-type: none"> <li>• To improve, or restore, the livelihoods and standards of living of displaced persons.</li> <li>• To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure<sup>5</sup> at resettlement sites.</li> </ul>	
<b>Project Design</b>	Project Design (8)	<ul style="list-style-type: none"> <li>• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 4, 10-11, 27.</li> </ul>
<b>Compensation and Benefits for Displaced Persons</b>	Compensation and Benefits for Displaced Persons (9)	<ul style="list-style-type: none"> <li>• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 14-16, 18-19, 21- 25, 29.</li> </ul>
<b>Community Engagement</b>	Community Engagement (10)	<ul style="list-style-type: none"> <li>• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 7, 8, 20-21.</li> <li>• Provisions applied to consultations with Indigenous Peoples – see in Requirements related to IP.</li> <li>• General provisions to consultations - see in Requirements Managing Risks and Public Consultation and Information Disclosure Specification.</li> </ul>
<b>Grievance Mechanism</b>	Grievance Mechanism (11)	<ul style="list-style-type: none"> <li>• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 33.</li> <li>• Addressing Grievances Specification.</li> </ul>
<b>Resettlement and Livelihood Restoration Planning and</b>	<p>Socio-economic baseline and cut-off date (12)</p> <p>Rejection of compensation offers by</p>	<ul style="list-style-type: none"> <li>• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix</li> </ul>



Subject	IFC Standard 5 Relevant Standard Requirements	Project Specification References
<b>Implementation</b>  <b>Displacement mitigation measures</b>	affected persons (13)	6), p. 5, 6.  • Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 14.
	Resettlement Action Plan or Framework (16, 19, 25)	• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p.3.
	Monitoring and evaluation (14-15)	• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 34, 35, 20.
	Physical Displacement (19-24)	• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p.3, 9-11, 14- 16, 21-23, 26.
	Economic Displacement (25-29)	• Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), p. 15-16, 21-23, 26.  • Resettlement Management Specification (0000-S-90-01-O-0021-00-E Appendix 6), "What situations are covered?".
	Private Sector Responsibilities Under Government-Managed Resettlement (30-32)	• These provisions are currently not applicable to the Sakhalin-2 Project, including aspects related to expropriation (compulsory land acquisition) or any other government-led actions.

**Requirements related to Cultural Heritage – Adopted International Standards and other requirements**

Sakhalin Energy currently maintains a Cultural Heritage Protection Plan. The text below explains activities undertaken during the construction and operation phases (including potential new developments) and current practises aimed to comply with adopted international requirements for protection of Objects of Cultural Heritage (OCH).



Ref	Relevant Standard Requirements	Project Specification
Article	Key Provisions of the Charter for the Protection and Management of Archaeological Heritage (1990)	
2	<p>Minimise damage to archaeological heritage and ensure public involvement in decisions relating to its protection.</p> <p>The archaeological heritage is a fragile and non-renewable cultural resource. Land use must therefore be controlled and developed in order to minimise the destruction of the archaeological heritage.</p> <p>Active participation by the general public must form part of policies for the protection of the archaeological heritage. Participation must be based upon access to the knowledge necessary for decision-making. The provision of information to the general public is therefore an important element in integrated protection.</p>	<p>The company has in place a "Treatment Plan for Objects of Cultural Heritage for Construction Period" and "Plan for Protection of Cultural Resources for Operations Period" designed to avoid, where possible, and minimize damage to cultural heritage resources and to ensure their protection including archaeological sites, historical objects, religious objects and locations including Indigenous Peoples' cultural heritage, as well as palaeontological objects and places with unique natural environmental features.</p> <p>During the Project's construction phase information sessions with local population were regularly conducted by the company. Contractors were also provided with detailed instructions and decision-making matrix in case of finding a potential artifact. Archeological finds are deposited in the publicly-accessible museum of Sakhalin State University.</p> <p>In case of new major project activities potentially covering new areas, "Treatment Plan for Objects of Cultural Heritage for Construction Period" will be applied including information sessions for the local communities.</p>
4	<p>Gather information about the nature of archaeological resources, including compiling an inventory.</p> <p>The protection of the archaeological heritage must be based upon the fullest possible knowledge of its extent and nature. General survey of archaeological resources is therefore an essential working tool in developing strategies for the protection of the archaeological heritage. Consequently archaeological survey should be a basic obligation in the protection and management of the archaeological heritage.</p> <p>Inventories constitute primary resource databases for scientific study and research. The compilation of inventories should therefore be regarded as a continuous, dynamic process. It follows that inventories should comprise information at various levels of significance and reliability, since even superficial knowledge can form the starting point for</p>	<p>A number of cultural heritage surveys, mainly identifying archaeological sites, were undertaken by Sakhalin State University (the Cultural Resource Management contractor) since 1996, covering areas likely to be affected by the Sakhalin-2 Project.</p> <p>In 2009 the monitoring of OCH was accompanied by installation of information boards on each archaeological site.</p> <p>In 2010 this monitoring was repeated by Sakhalin University specialists. According to <i>Plan for Protection of Cultural Resources During Sakhalin li Operations</i> this monitoring will be executed in 2012 and 2014 (further monitoring requirements will be reviewed on the basis of the monitoring results received and company's activity).</p> <p>"Plan for Protection of Cultural Resources for Operations Period" sets the monitoring requirements and frequency of monitoring.</p> <p>In case of Project's expansion or new development activities that involve construction works, the "Treatment Plan for Objects of Cultural Heritage for Construction Period" will be enforced, including the appropriate Chance Finds Procedure. The company shall publicly disclose a running inventory of culturally significant items.</p>



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Ref	Relevant Standard Requirements	Project Specification
	protection measures	
<b>Clauses</b>	<b>Key Provisions of Operational Policy (OP)/Bank Procedure (BP) 4.11 , Physical Cultural Resources (PCR)</b>	<b>Policy (OP)/Bank Procedure (BP) 4.11 , Physical Cultural Resources (PCR)</b>
2 and 3	<p>This policy addresses physical cultural resources, which are defined as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings, and may be above or below ground, or underwater. Their cultural interest may be at the local, provincial or national level, or within the international community.</p> <p>Physical cultural resources are important as sources of valuable scientific and historical information, as assets for economic and social development, and as integral parts of a people's cultural identity and practices.</p> <p>The Bank assists countries to avoid or mitigate adverse impacts on physical cultural resources from development projects that it finances. The impacts on physical cultural resources resulting from project activities, including mitigating measures, may not contravene either the borrower's national legislation, or its obligations under relevant international environmental treaties and agreements.</p>	<p>Plan for Protection of Cultural Resources during Sakhalin II Operations is applied.</p> <p>The Plan defines the procedures allowing avoiding or minimizing ALARP any impact of pipelines and related activities on the Objects of Cultural Heritage.</p> <p>The Plan was approved by the Department of Culture of the Sakhalin Oblast on 30 October 2008.</p> <p>According to the Plan Information Plates of 34 archaeological sites were installed and regular monitoring is conducted. Periodic field monitoring program has been set for 2010, 2012 and 2014 to cover monitoring of OCH from south to north of the Sakhalin Island. In case of an emergency the team of experts will be mobilized to ensure protection, rescue and salvage of the cultural heritage objects as appropriate.</p>
<b>IFC Performance Standard 8 Cultural heritage, January 1, 2012</b>		
	Chance Finds Procedure	Sakhalin Energy complies through its "Plan for Protection of Cultural Resources during Sakhalin II Operations". In case of the resumption of construction works as part of Project expansion, the "Treatment Plan for Objects of Cultural Heritage for Construction Period" will be applied together with the associated Chance Finds Procedure .



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Ref	Relevant Standard Requirements	Project Specification
	Consultations	Sakhalin Energy has permanent Advisor (Sakhalin State University) with regard to identifying and protecting cultural heritage that is of importance for local communities.
	Community Access	Not applicable, i.e. the Project Asset sites do not encroach on the known cultural heritage resources and do not prevent access to such resources that are used by the local communities.
	Removal of replicable and non-replicable cultural heritage	During pre-construction period all identified artifacts were removed by specialists and placed in local museums. In case of new finds the Chance Finds Procedure shall be implemented. Non-replicable cultural heritage objects remain <i>in-situ</i> and are regularly monitored.
	Critical Cultural Heritage	Local Cultural Heritage Objects and Sites are protected by local legislation and company's procedure. The Project complies with the applicable national and/or local regulations for protection of critical cultural heritage and any relevant international procedures.
	Project's Use of Cultural Heritage	The Sakhalin-2 Project does not use the cultural heritage resources, including knowledge, innovations, or practices of local/indigenous communities, for commercial purposes.