



Indigenous Peoples Issues Management Specification

Purpose

To identify and mitigate all potential adverse Project impacts on *Indigenous Peoples*¹ (IP) and ensure that all Project-Affected IP have access to positive social and economic benefits from the Project.

Requirements – General

Managers are *Accountable* for requirements 1 to 12 in their own organisation:

1. Ensure that Social Impact Assessments are conducted according to the requirements of Impact Assessment prior to undertaking new activities or making significant modifications to existing facilities:
 - a. If Project involves any further expansions or new developments, Sakhalin Energy will act in accordance with the HSESAP Resettlement Management Specification², the Social Impact Assessment (SIA), and laws of the Russian Federation.
 - b. If Project involves any further expansions or new developments that may result in adverse impacts to indigenous communities, Sakhalin Energy will follow the principle of Free, Prior and Informed Consent (FPIC), and with due consideration of land claims based on traditional ownership or the customary use by Indigenous Peoples.
2. Operate management of Indigenous Peoples issues in accordance with RF Legal and International Requirements.
3. Develop and implement Sakhalin Indigenous Minorities Development Plan (SIMDP) during the Project duration in accordance with RF Legal and International Requirements.

Requirements – Construction / Pre-construction

4. Conduct IP survey as part of Impact Assessment and identify impacts on IPs.
5. Develop and undertake mitigation of associated impacts through seasonal and spatial restrictions on the planned activities and on the basis of regular communications and consultations with the IP communities by the company and its contractors as outlined in the SIA and the SIMDP.
6. Compensation for the impacts sustained and/or supplemental assistance to mitigate the impacts shall be provided where appropriate and based on results of the Impact Assessment to IPs affected as a result of project expansion, upgrade, retrofit, reconstruction according to the commitments set out in the Resettlement Management Specification.

Requirements – Project duration (i.e. construction and operation)

7. The company shall carry out regular consultations with IP groups and representatives as part of SIMDP implementation and as defined in the Plan.
8. Sakhalin Energy shall ensure that the Grievance procedure as outlined in the SIMDP is accessible to IP people as part of the Grievance Procedure awareness campaign. The company will ensure that the SIMDP Grievance Procedure is applied appropriately to regulate the process of receipt, registration and resolving grievances related to the SIMDP.
9. The company and Contractors shall brief all workers on Code of Conduct and cultural awareness of IP issues as well as on the Policy on Fishing, Gathering & Hunting (among personnel involved in upgrade, reconstruction, expansion, retrofitting and maintenance works) through induction/orientation/awareness sessions.
10. The company shall appoint and maintain IP CLO whose responsibility set out in the CLO Overview, which is appended to the PCDP (general) and in SIMDP (specific).

¹ Italicized terms in this document are included in the [Sakhalin Energy HSE Glossary](#).

² Underlined items in this document refer to Sakhalin Energy Controlled Documents.



11. The company shall report on progress in an Annual report. The External Monitor's Annual progress Report shall be made public.
12. Develop and implement SIMDP during the Project duration:
 - a. The company shall provide benefits and investment opportunities for IPs as per SIMDP. As per the 2011-2015 SIMDP these programmes are: Traditional Economic Activities Support Programme and Social Development Fund. The programmes can be changed as agreed when developing next phases of SIMDP.
 - b. The Project shall implement mitigation measures and other commitments stated in SIMDP Mitigation Matrix.
 - c. SIMDP Governance shall be defined for each phase of SIMDP. As per 2011-2015 SIMDP its Governance and key bodies' functions are as follows:
 - The SIMDP Governing Board - the chief oversight body of the SIMDP.
 - The Executive Committee of the SIMDP Governing Board - executive body of the SIMDP, presides at current activity of the Plan and implements Governing Board's decisions.
 - Committees of SIMDP Programmes (Council of Social Development Fund; Committee of Traditional Economic Activities Support Programme) – responsible for programmes implementation and the further development of programmes (acceptance of applications, making recommendations for financing, etc.).
 - d. The amount of SIMDP financing shall be determined by the company for each phase. To support the 2011-2015 SIMDP the Project will contribute US\$312,000 per year for 5 years. With regard to future iterations of the SIMDP during the Project duration, the company is committed to developing and supporting them as appropriate to the circumstances and needs of Sakhalin's indigenous communities.
 - e. The content and specific measures of the SIMDP for 2011-2015 have been determined in consultation with the Lenders and based on the results of evaluations and the reports of the External Auditor on the preceding SIMDP (2006-2010).
 - f. The SIMDP Governing Board shall undertake an annual evaluation of the SIMDP.
 - g. Sakhalin Energy shall carry out SIMDP internal monitoring as part of Social Impact Monitoring Programme (regular status and progress review, half-yearly checks on key issues and taking follow-up action where necessary, six monthly compliance and progress reports to be prepared for Sakhalin Energy management and the Independent IP specialist/ External Auditor). The company shall carry out annual internal monitoring of the socio-economic status of affected IP communities.
 - h. The company will commission an independent review of progress with the SIMDP by the Independent IP specialist (the External Auditor) not less than annually. The results of this review will be made public on the company's website. The company will track and address pertinent and reasonable recommendations raised by the reviews. The company may decide to post a response to the recommendations on its website.