



Resettlement Management Specification

Purpose

To list key commitments and requirements for Sakhalin Energy¹ in relation to Resettlement Management.

Who is this for?

- *Managers.*
- *SP Professionals.*

What situations are covered?

This document applies to all Resettlement and Economic Displacement arising from Land Acquisition undertaken by Sakhalin Energy, including activities undertaken by *Contractors* on behalf of the *company*.

Requirements – General

Managers are Accountable for requirements 1 to 35 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.
2. Operate land acquisition and resettlement management in accordance with RF Legal and International Requirements for Resettlement².
3. If the Project results in physical displacement the company shall establish and maintain the Resettlement Action Plan in compliance with RF law and in accordance with the requirements of shareholders, lenders, and specified Internationally Recognized Standards.

Requirements – Construction / Pre-construction

4. Endeavour to avoid and/or minimize physical resettlement and economic displacement.
 - a. Company shall explore project alternatives and siting options for permanent and temporary facilities for avoidance/ minimization of resettlement.
 - b. In addition, measures such as siting of major facilities and the pipeline alignment wherever possible on State land, alignment of the pipeline parallel to existing and planned infrastructure corridors, reinstatement / restoration of land and engagement prior to commencement of construction activities to minimize impacts, shall be additionally undertaken.
5. Where involuntary resettlement is unavoidable the company shall identify potential groups of Project Affected Peoples (PAP) and potential impacts on them and undertake a census with appropriate socio-economic baseline information (e.g. land titles, use, etc.³).
6. The company shall establish and use a cut-off date for eligibility.
7. Consult with all PAP that will be displaced by Project related land acquisition as well as with host communities.
8. Involve directly all PAP into informed participation in resettlement planning (e.g. on compensation packages, resettlement assistance, etc.) so that impact mitigation is appropriate for Project and PAP.

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.

³ Including land users who have no formal legal title to the land they occupy and those who use their land based on customary claims, as well as seasonal users that may be absent during the time of the census as appropriate. Except for activities which are illegal or prohibited by Russian law.



9. Identify relevant mitigation measures for PAP in Social impact Assessment and/or Resettlement Action Plan (RAP) as appropriate, including approaches to compensation related to project activity and compensation procedure and as outlined in the IFC PS 5 (2012).
10. Sakhalin Energy shall acknowledge and identify households that would be rendered vulnerable due to project activity and provide special attention and develop tailored mitigation measures for these groups of PAP (e.g. IP, elderly households, low-income households, non-registered land users, the disabled persons, etc.⁴).
11. In case of land acquisition, the company will support to vulnerable families where feasible, assist in getting alternative land of equivalent quality and shall undertake to pay all fees for the registration of that land.
12. Sakhalin Energy aims to avoid or minimize any socio-economic impacts on fisheries and ancillary fishing industries with economic ties to the commercial fishing industry through the implementation of environmental mitigation measures. In case of Construction the company will assess impacts on fisheries and ancillary fishing industries and will develop mitigation measures if/as required. Where there is a need to relocate fishing enterprises, Sakhalin Energy shall ensure appropriate compensation and assistance is provided.
13. The company will assess impacts on use of Forestry and fisheries activities for recreation and subsistence and will develop mitigation measures if/as required.

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

14. Sakhalin Energy shall compensate in accordance with the compensation norms set out in the legislation and regulations of the Russian Federation, except in specific cases where the requirements under the International Standards are more stringent, where additional entitlements shall be provided. In cases where affected persons reject compensation offers that meet recommendations of the IFC PS 5 (2012), the company will follow appropriate requirements of the Russian legislation and will collaborate with responsible government agencies in resettlement planning, as required.
15. Sakhalin Energy shall endeavour to provide replacement land and structures equivalent to or better than those lost to the Project, wherever possible and where it is consistent with the preferences of PAP. Property is to be assessed according to real estate replacement value.
16. Affected owners and users to be resettled shall be compensated for loss of land, assets and livelihood in accordance with Russian Federation regulations, or given the option of receiving equivalent replacement land and structures at a nearby location approved by them, along with assistance during moving and access to basic amenities and infrastructure. Additional assistance shall be provided as part of Supplemental Assistance Programme to help affected persons, including those impacted by economic displacement, to improve or restore their standards of living or livelihoods. Resettled families shall also be provided with income restoration support.
17. Sakhalin Energy shall engage a third party specialist appraisal firm to determine the compensation for land, crops and assets to be used by the Project to ensure that affected landowners and users shall receive compensation based on the 'full replacement cost'.
18. Sakhalin Energy shall endeavour to ensure PAP will receive compensation payments prior to the land being occupied by the Project.
19. Sakhalin Energy shall explore ways in which the compensation can be topped up to the extent that after tax and other mandatory costs involved in the transaction the households are still able to get "In hand" the full replacement value for the land and/or assets affected or lost due to Project.
20. Sakhalin Energy shall consult PAP and provide them with advance information and warning about any potentially disruptive activities. Also consultations are held as part of RAP monitoring. See PCDP commitments for information on stakeholder consultation and engagement.

⁴ Definition of Vulnerable Groups is provided in the Human Rights Policy,



21. Sakhalin Energy shall ensure transparency and consistency by documenting compensation communications, approaches, and actions between PAP, communities, executing government agencies (where applicable) and Sakhalin Energy.
22. Sakhalin Energy shall develop and use the Supplemental Assistance Programme to meet the requirements of the international standards and to ensure that affected people are not worse off after the Project than before the Project.
23. Sakhalin Energy shall assist to PAP with livelihood restoration measures if it is necessary through the Supplemental Assistance Programme, which includes monetary support as well as non-monetary (in kind) support. Monetary and non-monetary support shall be identified in RAP, is appropriate for Project and PAP.
24. Sakhalin Energy shall identify necessity of provision of Supplemental Assistance in framework of RAP monitoring programme.
25. Sakhalin Energy shall provide assistance to such PAP landowners in opening bank accounts including administrative/legal costs and arranging appropriate transport to the settlements where banks are located to assist PAP in opening their accounts, where PAP/landowners do not have bank accounts (where appropriate).
26. Sakhalin Energy shall acknowledge that the lack of legal title should not be a bar to compensation, non-registered land users are to be compensated as any other PAP if they have used affected land plots for 1 year before preliminary land allocation as identified in the census. In case of damages due to the Project-related activities they will be compensated accordingly.
27. Sakhalin Energy shall focus during monitoring process on vulnerable households to provide them with special attention and to implement special mitigation measures for such persons if it is required.
28. Sakhalin Energy shall monitor Quality of Life indicators using recognised indicators and a methodology that has been agreed by and to the satisfaction of the dacha community in Prigorodnoye and Senior Lenders in 2006.
29. In the case of affected seasonal and temporary workers⁵, the company shall monitor that they are re-employed by their enterprise in some other works (as appropriate). In case this is not feasible, then the project will provide three months of wages as a Transition Allowance to the workers for one season loss of income. This would be done only after verification by the enterprise owners that the workers have been employed in their companies for at least 2 seasons. For permanent workers, the project will ensure that they are either re-employed in a job in the same enterprise or elsewhere. If that is not feasible, then the project will provide six months of salary as Transition Allowance, after verification of the permanency of the job from the owner.
30. Sakhalin Energy shall restore land to its pre-project condition and return the land to its original owners and users after completion of construction and any other land disturbing activities during project expansion, upgrade, retrofit, or reconstruction.
31. Sakhalin Energy shall make use of existing roads and other existing infrastructure to minimize the requirement for additional land acquisition wherever possible. The Project shall upgrade the existing roads where necessary to accommodate project traffic. Sakhalin Energy shall endeavour to avoid the use of roads within small settlements where possible. If this is not possible, then the company, or its contractors (whichever is appropriate), shall address any material damages to ensure that the road is in no worse a state than before the damage as appropriate. The repairs shall be expedited as soon as reasonably practicable to do so. In the event of proven economic loss, compensation shall be provided to affected parties in accordance with the Resettlement Action Plan. Where community roads become impassable as a result of Project activity, the Project will undertake to provide interim arrangements and facilitate alternative routes.
32. The majority of such roads shall be on State land. In the case of private land, land for temporary use shall be leased; and for permanent use, the land shall be acquired in accordance with the RF law and applicable requirements of the IFC PS 5 related to land acquisition.

⁵ Workers of resettled enterprises



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33. Sakhalin Energy shall address RAP related grievances in a timely and effective manner in accordance with pertinent Russian Federation law and Sakhalin Energy's Community Grievance Procedure. Sakhalin Energy shall address RAP related claims in the framework of Community Grievance Procedure. Sakhalin Energy shall involve Independent mediation under the terms and conditions of the independent mediation process as stipulated in the Community Grievance Procedure. For the RAP-related grievances the final decision on mediation initiative should be made by the Land & Compensation Board.
34. Sakhalin Energy shall engage a suitably qualified and experienced independent resettlement specialist to undertake regular reviews of the resettlement programme for 36 months following the completion of construction or until such time as the specialist has determined that the affected people's living standards and income levels have been fully restored, whichever occurs earliest. For the cases of physical relocation - monitoring for 36 months following the completion of relocation. The frequency of the reviews should be agreed depending on resettlement scale and level of impact. This specialist shall also undertake a resettlement completion audit at the end of 36 months following completion of the construction phase to assess if the objectives and processes outlined in the RAP have been met using indicators set out in the RAP. All 3rd party monitoring reports shall be made available to the public via the Sakhalin Energy website.
35. Sakhalin Energy shall carry out internal monitoring which is conducted by the Social Performance Team (SPT). SPT carries out regular status and progress review, regular checks on key issues and take follow-up action where necessary, regular compliance and progress reports to be prepared for Sakhalin Energy management and Independent resettlement specialist. The frequency of the reviews should be agreed depending on resettlement scale and level of impact. Where applicable – monitoring will be implemented in relation to the effectiveness of restoration measures in case of economic displacement (i.e. when resettlement/physical relocation is not involved).