



Addressing Grievances

Purpose

To describe the company's commitments to maintain a *Grievance*¹ resolution process that addresses public and contractor-related grievances on a systematic and consistent basis.

Who is this for?

- *Business Head*
- *Managers*
- *SP Professionals*

What situations are covered?

This document applies to all Sakhalin Energy Assets, Facilities, operations, Projects and Activities, including activities undertaken by contractors on behalf of the company.

A community "Grievance" is a statement of complaint by an individual, group or organisation that reflects concern and dissatisfaction with Sakhalin Energy or its contractors. A grievance may be caused by a real or perceived under-performance of Sakhalin Energy or its contractors.

Requirements

Business Heads and Managers are Accountable for requirements 1 to 14.

1. Sakhalin Energy shall operate a procedure for addressing community grievances for the duration of the Project. The mechanism by which a grievance can be made known to the company is set out in a Public Grievance Leaflet, available on the company's website and in the PCDP, from CLOs (where applicable), or at company's information centers.
2. Compliance with the Community Grievance Procedure is mandatory for all Sakhalin Energy, contractor and sub-contractor personnel.
3. Sakhalin Energy shall maintain an auditable grievance procedure (kept with Human Resources team) to deal with grievances from an employee or group of employees that are on direct contract to Sakhalin Energy.
4. Staff of Sakhalin Energy and contractors shall be informed of the Grievance Procedure.
5. Sakhalin Energy shall inform public about the Public Grievance Leaflet.
6. Anyone can lodge a grievance using the steps outlined in the Public Grievance Leaflet. SPT and CLOs shall monitor comments from individuals who found the leaflet difficult and feedback this information to the GP Custodian who may revise the Leaflet.
7. All individuals with responsibilities to receive and act on grievances shall receive adequate training.
8. Confidentiality.
 - a. All Sakhalin Energy and contractors employees involved in the resolution of grievances are required to keep confidential the nature of all grievances and the outcomes of the resolution process. In the case of a breach of law, essential information may have to be passed on to the relevant authorities.
 - b. Any references to grievances will be kept non-specific in order to protect the confidentiality rights of the claimants.
 - c. All relevant grievances related documents should be kept in a secure location.
9. The company shall maintain a tracking tool for recording all grievances received, to whom they have been issued for resolution, and keep an update on progress with their resolution.

¹ Italicized terms in this document are included in the SEIC HSSE Control Framework Glossary.



10. Grievances from vulnerable individuals (as defined in the Human Rights Policy) shall be tracked and given priority.
11. Grievance Resolution Process.
 - a. All the incoming grievances shall be logged, and responsible parties for resolution shall be nominated (as per the Grievance Procedure).
 - b. The incoming grievances shall be acknowledged (in writing) within the period stipulated by the Community Grievance Procedure. This letter shall include a contact person, a grievance reference indicator and an anticipated target date when you can expect to receive an update on actions taken. Where the reported grievance is not a result of Sakhalin Energy or its contractors' activities and no further action by Sakhalin Energy is planned a close-out letter will be sent to the complainant. The letter will provide the explanation for the grievance to be closed-out.
 - c. Sakhalin Energy shall endeavor to investigate and resolve grievances within the period stipulated in the Community Grievance Procedure. Sakhalin Energy will endeavour to investigate and resolve grievances within 20 working days from receipt of the grievance, particularly for grievances with a low to medium potential risk or an actual severity of 0-4. The maximum resolution period should not normally exceed 45 working days and shall be considered enough to have a required action either completed or agreed with the complainant or to have a grievance entirely resolved.
 - d. Grievances shall be assessed using the Sakhalin Energy Risk Assessment matrix. If the grievance remains unresolved after 45 working days it shall be reassessed and Sakhalin Energy shall discuss the next steps with the complainant. The appropriate contact person within the company shall maintain contact with the complainant in the determination of what further action should be taken.
 - e. If Sakhalin Energy completes the grievance resolution process and the complainant is still not satisfied with the outcome, Sakhalin Energy has agreed under conditions described in the Grievance Procedure to undertake a final independent mediation process shall be in place as per the Grievance Procedure, to attempt to (as yet) come to an amicable resolution. For the resettlement-related grievances the final decision on mediation initiative should be made by the Land & Compensation Board and for non-resettlement grievances - by the Business Integrity Committee.
 - f. All unresolved grievances (which fall within the definition of Environmental or Social Claims) shall be reported to the Lenders in accordance with the terms of the Loan Agreement. During the operational phase Sakhalin Energy shall provide to Senior Lenders the summary of material grievances as per the Grievance Procedure. Any references to grievances will be kept non-specific in order to protect the confidentiality rights of the claimants.
 - g. SPT is responsible for monitoring of all unresolved grievances. Action plans for resolution of outstanding grievances (a grievance that remains unresolved or has no actions agreed with the complainant for 45 working days after registration the grievance) shall be submitted to BIC for a decision on further actions as soon as reasonably practicable.
 - h. A grievance shall be considered as Resolved when the complainant signs the Statement of Satisfaction with grievance resolution. The Statement of Satisfaction will contain the words of contentment clearly stated by the complainant. In the absence of a statement of satisfaction a grievance can be closed by BIC (Business Integrity Committee) decision. The BIC shall be the only body within Sakhalin Energy able to decide whether all reasonable actions have been taken within Sakhalin Energy. If the BIC decides that no additional steps can reasonably be taken to resolve the grievance, whether or not the complainant remains dissatisfied with actions taken, the grievance will be considered as finalized and will be closed out. In this eventuality the complainant will be issued a "close-out" letter advising of Sakhalin Energy position and that no additional steps can reasonably be taken. Full records of how this decision has been reached shall be maintained and recorded.
12. Sakhalin Energy shall produce public annual Public Consultation and Disclosure Report (PCDR), indicating the aggregate number of public grievances received, and the number resolved within the period stipulated by the Community Grievance Procedure (45 working days) and 20 working days.
13. Sakhalin Energy shall also disclose the monitoring/audit reports commissioned by Lenders annually during the operational period as per loan agreement. The lenders may require these reports, which will



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be prepared by Independent Environmental Consultant to the lenders, to provide information on the company's grievance process. Should this be the case, any references to grievances will be kept non-specific and generic in order to protect the confidentiality rights of the claimants.

14. Routine internal and third party (by Senior Lenders' Independent Environmental Consultant - IEC) monitoring/audits of the grievance procedure shall take place. Regular monitoring by Lenders' Independent Environmental Consultant during the project's operations phase is undertaken during annual monitoring visits to Sakhalin and regular audits are conducted every two years during routine project operations. The monitoring/auditing frequency by the IEC may be revised as appropriate in case of any new major construction activities or project expansion with significant social impact.