



## Social Investment Strategy

### Purpose

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Throughout the Project life, to contribute to the sustainable development of Sakhalin Island through social investment (SI) and sustainable development (SD) programmes that:

- result from consultations with the public and meet demonstrated needs in the communities impacted by the *company's Activities*<sup>1</sup>;
- relate to issues that affect the company's reputation;
- may not directly connect to the company's activity, however, contribute to economic, environmental and social development of Sakhalin;
- contribute to the sustainable economic, environmental and social development of Sakhalin and demonstrate to stakeholders the company's commitment to this; and
- meet the expectations of Lenders, Shareholders and other potential investors.

The social investment programmes are linked to the long-term objectives of the company in the region where it operates, coordinated with local authorities, and integrated into the general business strategy of the company.

### Who is this for?

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- *Business Head*
- *Managers.*
- *SP Professionals.*
- *SP focal points*

### What situations are covered?

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This document applies to all social investments and sustainable development activities of the company that aim to contribute to the economic, environmental and social development of the community. This document does not address sustainable development activities undertaken internally by the company as part of its normal business activities.

### Requirements

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#### **Business Head and Managers are *Accountable* for requirements 1 to 6:**

1. The company shall continue its social investment programme in the course of the entire duration of the Project, with the aim to contribute in areas that link the business and social development of the community in line with the company's Sustainable Development Policy<sup>2</sup>.
2. All community involvement shall be done on a best efforts basis. Sakhalin Energy shall endeavour to involve the public through meaningful consultation in the process of identifying and/or implementation the most appropriate social investment projects as required and as relevant to the community.
3. Applications for funding of SI projects shall be assessed against the company's SI guiding criteria, summarised below.
  - a. Key criteria for funding shall include (projects do not need to meet all criteria):
    - Alignment with the objectives of social investment programmes;
    - Sustainability of projects,
    - Local capacity building and ownership by government/communities;

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

<sup>2</sup> Underlined items in this document refer to Sakhalin Energy Controlled Documents.



## Social Performance Standard

Rev 03

- Transparency and accountability of projects;
  - Management of communities' expectations;
  - Maximisation of existing resources; and
  - Visibility in local communities.
- b. The following types of activities and initiatives are excluded from the company's funding:
- Religious or political organisations or parties; and
  - Group or individual travel when that is the sole project outcome.
4. Main focus of the company's social investment and sustainable development activities shall be on implementation of flagship long-term partnership projects with external stakeholders.
5. Sakhalin Energy shall conduct internal monitoring (ongoing) and independent external evaluation (once per every two years) of social investment projects in accordance with Social Performance Monitoring and company's internal audit requirements. The SI/SD programme is also reviewed by the Lenders' IEC as part of the IEC's annual monitoring and biennial audit of the Project performance as a whole.
6. The total amount of funds allocated for social investment shall be determined by the company annually.