

Chapter

16



## Construction Contractors and Management of Social Issues

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### 16.1 SOCIO-ECONOMIC INPUTS/EVALUATIONS DURING THE CONTRACT/AWARD PROCESS

#### 16.1.1 Steps During the Process

While the SIA document was in progress, construction bid packages for major project facilities (e.g., the LNG/OET) and pipelines were released. As a result, the SA Group was able to gather further information from potential contractors which assisted in the:

- Further refinement in the identification, assessment and management of a number of potential community-specific socio-economic impacts, and
- Evaluation of whether contractor further specific terms/issues needed to be developed for inclusion as part of contract award conditions.

Requirements for inclusion of socio-economic considerations in the bidding process are summarised in the following table:

TABLE 16-01: SOCIO-ECONOMIC REQUIREMENTS DURING THE TENDER PROCESS

Stage	Socio-Economic Requirements	Status
Initial bid release	SEIC required all potential bidders to include a preliminary socio-economic management as part of their bid submission. The bid indicated they would be required to prepare a socio-economic plan for review and approval by SEIC if they were awarded the contract. Requirements were also included related to the treatment of archaeological and cultural resources.	Completed for all major tenders
During bid process	(Pipeline construction tender only.) Potential bidders were required to submit responses to the socio-economic questions. Review of preliminary socio-economic plans.	Completed
Contract Award	SEIC will include socio-economic terms/conditions as part of final bid discussions, including contractor-identified requirements described in this SIA.	Ongoing
Post-award	SEIC will assist/review/approve contractor prepared socio-economic management plans.	Future
Ongoing interactions/monitoring	Contractors/SEIC liaison during construction phase to monitor/manage contractor-community interactions.	Future

#### 16.1.1.1 Socio-Economic Management Plan

Each major tender required preparation of a preliminary socio-economic management plan as part of the tender submission, including:

- Contractor's proposed community liaison staff,
- Methods to minimise adverse impacts/maximise benefits to local communities where camps may be established,
- Socio-economic standards and reporting requirements, and
- Treatment of cultural resources.

A more detailed plan will be prepared by the preferred bidders and submitted to SEIC for review and approval. This plan is expected to address SEICs contractor requirements as described in this document.

#### 16.1.1.2 Pipeline Construction Management Questionnaire

To fully understand the range of potential contractor recruitment practices, camp management strategies, management of community impacts, etc., the SA Group prepared a comprehensive questionnaire for inclusion in the pipeline bid package. The questionnaire focused on:

- Recruitment and working hours of employees,
- Rotation cycles,
- Employee field housing,
- Alcohol and drugs policy,
- Construction camp management,
- Leisure activities, and
- Company relationships with local communities.

A response to the questionnaire was required early in the bidding period and as a result, additional clarifications could be sought during bid preparation. The responses were evaluated by the SA Group and used as part of the assessment of potential impacts and mitigation measures-especially in relationship to local communities. On the basis of the information provided by the contractors, the SA Group expanded the range of questions asked in communities about potential construction camp/ community interactions.

As a result, specific policies were approved by the SELT for adoption by the Project.

#### 16.1.1.3 Review of Preliminary Socio-Economic Plans

In October 2002 submitted bids were reviewed and those in the evaluation stage were reviewed. The purpose of the review was to assess potential conflicts between probable socio-economic mitigation measures and proposals made by contractors. This review indicated there was substantial alignment in the approaches of SEIC and the contractors, in part due to requirements included as part of the original bid packages. It further revealed that SEICs standards (e.g., the Code of Conduct, requirements outlined in this SIA) could easily be adopted and incorporated into overall contract requirements.

#### 16.1.1.4 Post Award Preparation of Contractor Socio-Economic Plans

SEIC will review and approve the final contractor socio-economic plans as required as part of the contract award. These plans may incorporate by reference or otherwise describe how contractor's intend to meet goals and requirements described in this document.

### 16.2 MONITORING AND MANAGEMENT OF CONTRACTOR/COMMUNITY RELATIONS

Contractors and SEIC will liase closely during construction phase to monitor/manage potentially adverse interactions with local communities. These are described in greater detail in the tables at the end of this section.

### 16.3 SEIC CODE OF CONDUCT

MANAGEMENT PLAN/CODE OF CONDUCT
For all SEIC Employees, Contractors and Subcontractors
<ul style="list-style-type: none"> <li>- Pursue the goal of no harm to people.</li> <li>- Protect the environment.</li> <li>- Use material and energy efficiently to provide our products and services.</li> <li>- Develop energy resources, products and services consistent with these aims.</li> <li>- Publicly report on our performance.</li> <li>- Playing a leading role in promoting best practice in our industries.</li> <li>- Manage HSE matters like any other critical business activity.</li> <li>- Promote a culture in which all employees share this commitment.</li> </ul>

## Chapter 16 Construction Contractors and Management of Social Issues

ISSUE	MANAGEMENT PLAN/CODE OF CONDUCT (continued)
Conduct during Construction	
Prior to final contract award Contractor will be required to submit to SEIC for review and approvals, Contractor plans to meet the following conditions of project employment, including the basis under which individuals would be subject to warnings and/or immediate job dismissal. Contractor will ensure that this policy will be enforced by both it's own employees as well as those of the contractors and subcontractors with which its company conducts business.	
Business Principles	<ul style="list-style-type: none"> <li>– Contractor will adhere to the spirit of SEIC Business Principles including confidentiality of information, acceptance of and reporting of gifts, and other general principles of business conduct.</li> </ul>
Contractor Camp and Management and Interactions with Local Communities	<ul style="list-style-type: none"> <li>– Camps will be managed in such a manner as to minimise potential direct and indirect adverse effects to nearby community infrastructure and public/private services.</li> <li>– Use of bribery, accepting of gifts from communities, or individuals for jobs and/or other favourable treatment will not be permitted. Contractor will describe management of this issue as part of the company's socio-economic plan.</li> <li>– Interactions with local communities will be facilitated through Contractor and SEIC Community Liaison staff.</li> <li>– To the extent practicable, contractor is encouraged to promote positive interactions between employees and local residents.</li> </ul>
Public Behaviour	<ul style="list-style-type: none"> <li>– Many Contractor employees and subcontractors are guests of the Island and expected to maintain a high degree of public courtesy and respect.</li> <li>– Displays of public intoxication and/or otherwise rude behaviour, threat of violence, and or displays of public violence will not be tolerated and repeated offences will be grounds for dismissal.</li> </ul>
Fishing, Gathering and Hunting of Natural Resources	<ul style="list-style-type: none"> <li>– Implementation of the Project's No fishing, Gathering and Hunting Policy in rural communities and/or as designated by SEIC on the basis of community consultation efforts.</li> <li>– No collection of other natural resources (e.g., plant/animal specimens, geological samples, etc.) unless specifically needed and authorised as part of Project studies and monitoring activities.</li> </ul> <p>Note: This policy does not apply to situations where there is risk to personal health and safety and/or in survival situation.</p>
Harassment of Marine and Land Wildlife, Domesticated Animals	<ul style="list-style-type: none"> <li>– Harassment of marine and land mammals, birds, and reptiles will not be permitted including chasing animals with cars, snowmobiles, on foot, etc., or otherwise deliberately frightening them with sudden noises and lights.</li> <li>– Areas north of Nogliki are used by domestic reindeer herders. Under no circumstances will workers intentionally disturb or otherwise approach these animals without the permission and knowledge of the reindeer owner.</li> <li>– Other domestic livestock will not be approached or otherwise disturbed without the permission of the owner, or in the event that there is an immediate threat to the safety of the animal.</li> </ul>
Disruption of the natural environment	<p>Employees shall take all reasonable measures to limit disruption of the natural environment. This includes but is not limited to:</p> <ul style="list-style-type: none"> <li>– Creation outside of the direct project impact area of new vehicle tracks, damages to stream banks, damage of vegetation, cutting of trees for firewood, activities which would accelerate or other wise damage the landscape, and</li> <li>– Prevention of forest and other uncontrolled fires including instruction as to basic fire prevention methods including proper disposal of cigarette butts, method to thoroughly extinguish open camp fires, etc.</li> </ul>
Collection of archaeological artefacts, paleontological resources, and unauthorised disturbance of objects of culture	<ul style="list-style-type: none"> <li>– As per Russian regulations archaeological artefacts, paleontological objects, and other objects of culture are the property of the State.</li> <li>– Unauthorised collection may result in implementation of penalties and fines as per Russian regulations.</li> <li>– In the event that potential objects of culture are discovered in the project area workers must follow notification procedures described in the Project <i>Treatment Plan for Objects of Culture</i>.</li> </ul>
Waste management	<ul style="list-style-type: none"> <li>– All waste shall be disposed of in a responsible manner. Employees shall not dump or otherwise toss any form of solid waste, general refuse, and/or hazardous (e.g., oily) wastes in other than approved disposal containers/bins.</li> <li>– This condition is applicable at all times while an individual is on Sakhalin Island regardless of work rotation status.</li> </ul>

## 16.4 SEIC CAMP MANAGEMENT POLICY (SUMMARY)

ISSUE	SUMMARY OF SEIC CAMP MANAGEMENT POLICY
	<p>Prior to final contract award Contractor will be required to submit to SEIC for review and approvals, Contractor plans to meet the following conditions of project employment, including the basis under which individuals would be subject to warnings and/or immediate job dismissal. Contractor will ensure that this policy will be enforced by both it's own employees as well as those of the contractors and subcontractors with which its company conducts business.</p>
Alcohol & Drugs	<ul style="list-style-type: none"> <li>- Alcohol is not allowed (unless decided otherwise by Project Managers and EPC contractor based on agreed site specific rules).</li> <li>- If alcohol consumption is allowed in the camp, the associated hazards must be managed. Alcohol consumption should be controlled, <i>i.e.</i>, alcohol may only be served in a specified location and in a limited amount (hours &amp; volume). Contractor shall provide a management plan to demonstrate the control process. Alcohol consumption will only be allowed after the management plan has been approved by the SEIC contract holder.</li> <li>- The possession or use of illegal substances or associated paraphernalia is forbidden.</li> <li>- Any person in possession of prescribed drugs or medications shall report this fact to the camp medic on arrival.</li> <li>- Personnel will be subject to drug and alcohol testing in accordance with established SEIC procedures where there is reason to believe they are unable to carry out their normal tasks.</li> <li>- Random and 'behaviour-determined' alcohol testing during working hours will be applied by the Contractor.</li> <li>- Any person returning to camp during leisure hours will be subjected to testing as described above if their conduct, in the view of senior management, is such that it impacts on the comfort and welfare of other camp residents.</li> <li>- No personal alcohol possession in camp is allowed. Search for possession of alcohol may be conducted.</li> </ul>
Access by public	<ul style="list-style-type: none"> <li>- No social visitors permitted to the camp. Social visitors under exceptional circumstances only may be admitted with the express permission of the camp manager.</li> <li>- Only official business visitors will be allowed.</li> </ul>
Access by camp resident to communities	<ul style="list-style-type: none"> <li>- Camp residents are allowed to access local communities.</li> <li>- Camp Residents must comply with SEIC code of conduct.</li> <li>- Camp access closes at a nominated time. The only exception will be individuals returning from evening or night shifts.</li> <li>- All workers should be back in camp by closure time. Failure to return to camp by closure time may trigger 'search and rescue'.</li> <li>- Sign-in-Sign-out using individual identity access control system, preferably an electronic swipe card shall be implemented.</li> </ul>
Smoking	<ul style="list-style-type: none"> <li>- No smoking in bedrooms, offices, mess rooms and other public facilities.</li> <li>- Smoking allowed only in designated areas outside and inside buildings.</li> <li>- Adequate ventilation and additional fire fighting equipment is required in smoking areas.</li> </ul>
Recreational Amenities	<p>The following facilities should be provided for adequate access by camp residents:</p> <ul style="list-style-type: none"> <li>- Radio and satellite TV, Video (VCR/DVD), Newspapers/Magazines, Library, Gym/Sporting facilities.</li> <li>- Places of worship as required.</li> </ul>
Accommodation Standards	<ul style="list-style-type: none"> <li>- There should be adequate mess areas, including non-segregated dining facilities within a camp.</li> <li>- Russian standards as a minimum.</li> <li>- Maximum number of people accommodated in a bedroom is four (4).</li> <li>- Permanent hot water available.</li> <li>- Toilets and showers should be accessible within the building.</li> <li>- No pets are allowed.</li> </ul>
Catering including Food Quality	<ul style="list-style-type: none"> <li>- Russian standards as a minimum shall be applied.</li> <li>- Contractor to encourage catering to source supplies locally but not to create shortage in community.</li> <li>- No food preparation in bedrooms.</li> </ul>
Communications	<ul style="list-style-type: none"> <li>- Provide access to telecommunication for staff to access the outside world.</li> </ul>
Shops	<ul style="list-style-type: none"> <li>- Shop for incidentals (confectionery, toothpaste <i>etc.</i>) on site and a hairdresser.</li> </ul>
Gender Issues	<ul style="list-style-type: none"> <li>- Dedicated toilets and showers for males and females.</li> <li>- Condoms readily available.</li> <li>- General Practice medical treatment for STD's and STD-testing provided by Health Care Provider free of charge.</li> </ul>
Personnel on Board	<ul style="list-style-type: none"> <li>- Keep daily Person on board type log.</li> </ul>
Sanitation/Laundry	<ul style="list-style-type: none"> <li>- Meet Russian Standards as a minimum.</li> </ul>
Security	<ul style="list-style-type: none"> <li>- Security implications for neighbouring communities should be assessed as part of security plan in accordance with ITT and mitigation measures agreed with SEIC.</li> <li>- No Firearms or other weapons, <i>e.g.</i> assault knives, are permitted</li> <li>- 24-hour security.</li> </ul>
Emergency Response	<ul style="list-style-type: none"> <li>- Fire fighting and medical facilities including medical emergency transport should be available 24 hours per day, 7 days per week;</li> <li>- A helipad capable of night operation is required unless there is an acceptable alternative in the location.</li> </ul>

# Chapter 16

## Construction Contractors and Management of Social Issues

### 16.5 MITIGATION AND MONITORING MEASURES

#### 16.5.1 Contractor Mitigation/Monitoring Actions

<b>Contractor Actions for Mitigating Social Impacts</b>	
The Contractor will develop, implement and adopt the following actions in support of community liaison during construction of the pipeline and all other facilities:	
Recruitment & Employment Plan	<p>Stated in Chapter 11, this plan will address:</p> <ul style="list-style-type: none"> <li>– Recruitment/hiring of workers from Russian Federation and from Sakhalin Oblast,</li> <li>– Method to ensure transparency of the recruitment/hiring process and process to manage employment expectations,</li> <li>– Provide education and training, pre-employment skill development,</li> <li>– Commit to interactions with local authorities, and</li> <li>– Monitor progress and report regularly.</li> </ul>
Plan for Local Procurement	<p>Stated in Chapter 11, this plan will address:</p> <ul style="list-style-type: none"> <li>– Procurement of goods from the Russian Federation and Sakhalin Oblast, and</li> <li>– Monitor and report on efforts/actions accordingly.</li> </ul>
Camp Management Strategy	<p>Stated in Chapter 16, this strategy will address:</p> <ul style="list-style-type: none"> <li>– Implementation of an Alcohol and Drugs Policy,</li> <li>– Allowing only business visitations to camps and implementing strict closure times for community access by workers,</li> <li>– Implementing a smoking policy within camp facilities,</li> <li>– Providing minimum standard recreation facilities,</li> <li>– Maintaining suitable standards for accommodations and camp catering, and dedicate toilets and showers for males and females, and</li> <li>– Provide 24 hour security and provide full time emergency response capabilities.</li> </ul>
Code of Conduct	<p>Stated in Chapter 16, Contractor will ensure that the SEIC Code of Conduct is implemented by:</p> <ul style="list-style-type: none"> <li>– Adhering to the spirit of the SEIC Business Principles,</li> <li>– Managing interactions with nearby communities and maintaining proper public behaviour at all times,</li> <li>– Implementing the SEIC No Hunt/Fish/Gather Policy and discouraging the harassment of domestic animals and Marine and Land wildlife,</li> <li>– Limiting disruption to the natural environment and managing wastes in an acceptable manner, and</li> <li>– Collecting archaeological artefacts, and paleontological resources, not disturbing objects of culture.</li> </ul>
Contractor Community Liaison Organisation	<p>The Contractor will implement a community liaison organisation and:</p> <ul style="list-style-type: none"> <li>– Develop relationships with local authorities and the public, and</li> <li>– Interface with SEIC community liaison efforts and co-ordinate grievances through the SEIC Grievance Procedure.</li> </ul>
Socio-economic	<ul style="list-style-type: none"> <li>– Contractor will prepare a final Socio-economic management plan for SEIC review and approval.</li> </ul>

## 16.5.2 SEIC MITIGATION/MONITORING ACTIONS

<b>Community Liaison Officer Actions for Monitoring Contractor Mitigation Efforts</b>	
The Community Liaison Officer network will check efforts by Contractors to mitigate social impacts by:	
TOPIC	SEIC ACTIONS
Monitoring Recruitment	<ul style="list-style-type: none"> <li>- Examining recruitment targets and nature of hiring.</li> <li>- Review job descriptions for accuracy and timeliness.</li> <li>- Execute spot checks for accuracy and effectiveness of job advertising.</li> <li>- Ensure that recruitment/hiring records are kept.</li> <li>- Spot check on consultation by Contractor with local employment authorities.</li> </ul>
Monitoring Local Procurement	<ul style="list-style-type: none"> <li>- Review of Contractor records on local procurement.</li> </ul>
Camp Management Strategy	<ul style="list-style-type: none"> <li>- Spot checks on adherence to SEIC Alcohol and Drug policy, confirmation with local authorities for infractions.</li> <li>- Monitoring of adherence to camp visitor policy.</li> <li>- Checks for satisfaction of workers on food and lodging conditions.</li> <li>- Checks on securing of equipment, fencing and camp security.</li> </ul>
Activation of SEIC Code of Conduct	<ul style="list-style-type: none"> <li>- Monitor complaints on No Fishing, Gathering and Hunting policy.</li> <li>- Review local complaints related to Contractor activities.</li> <li>- Ensure archaeological collection as required, adherence to war dead policy, and cultural objects are not disturbed.</li> <li>- Review environmental related complaints.</li> </ul>
Implementation of Socio-Economic Management Plan	<ul style="list-style-type: none"> <li>- Spot checks of ROW, construction sites to ensure that mitigation measures are implemented.</li> <li>- Ensure public notification by Contractor of disruption to services and infrastructure.</li> <li>- Spot checks on quality of Contractor responses to resolution of grievances.</li> <li>- Checks on safety measures in place such as fencing, signs, etc.</li> <li>- Ensure that consultation with local authorities and public is conducted in an effective manner.</li> <li>- Spot check adherence to Transportation Management Plan.</li> </ul>
Implementation of Contractor Community Liaison Initiative	<ul style="list-style-type: none"> <li>- Ensure interface with SEIC CLOs on SEIC Grievance Procedure.</li> <li>- Co-ordinate regular meetings with Contractor CLOs.</li> <li>- Spot check for public satisfaction with Contractor CLOs.</li> </ul>