


Sakhalin II Assets									
Asset	Origin	Module	Discipline	Doc. type	Doc. No.	Sheet No.	Rev. No.		
Document No:		5301	S	90	01	T	0001	00	01
Title <div style="text-align: center; color: red; font-weight: bold; margin-top: 10px;"> Report on Social Impact Assessment with Regards to Construction of the Northern GTT </div> <div style="text-align: center; color: red; font-weight: bold; margin-top: 10px;"> Отчет по Оценке Социального Воздействия в Связи со Строительством Северного УОУГ </div>									
Custodian: O. Beck					Classification: <i>Unclassified</i>				
Issue Purpose:		I/FR For Information/Review			SUP/OBS Superseded/Superseded/Obsolete				
		AFD Approved for Design			ASB As-Built				
		AFC Approved for Construction			PUR Issued for Purchase				
		AFU Approved for Use			ENQ Issued for Enquiry				
Rev.	Issue Purpose	Details	Originator: Name (Company)		Signature		Date		
		Checked by: Name (Company)		Signature					
		Approved by: Name (Company)		Signature					
02	AFU	Approved for Use	O. Beck (Sakhalin Energy)						
		M. Ee (Sakhalin Energy)							
		E. Pozdnyakov (Sakhalin Energy)							
		O. Sapozhnikov (Sakhalin Energy)							
		A. Okhotnikov (Sakhalin Energy)							
Location of Changes			Brief Description of Change to Latest Revision						

This document contains proprietary information and is intended for use by Sakhalin Energy Investment Company Ltd. authorised personnel or companies only (Sakhalin Energy). The copyright of this document is vested in Sakhalin Energy. All rights reserved. The contents of this document shall not be altered without formal approval of the Document Custodian.

It is the responsibility of each user of this document to verify the current revision prior to use. The Sakhalin Energy Electronic Document Management System is the only Sakhalin Energy approved source for verifying current revisions.

All documents and data are maintained electronically through I-levelink. This is governed through the following Sakhalin Energy

	REPORT ON SOCIAL IMPACT ASSESSMENT WITH REGARDS TO CONSTRUCTION OF THE NORTHERN GTT	Rev. 02
---	--	----------------

CONTENTS

1	INTRODUCTION	3
2	PROJECT DESCRIPTION	3
3	CONSULTATIONS.....	3
4	BASELINE INFORMATION ON SETTLEMENTS	4
5	DESCRIPTION OF POTENTIAL IMPACT/PROBLEMATIC ISSUES	5
6	MEASURES PROPOSED FOR IMPACT MANAGEMENT	6
7	INTERACTION WITH STAKEHOLDERS	7
8	MONITORING AND REPORTING	7
	ANNEX 1. NORTHERN GAS TRANSFER TERMINAL	8
	ANNEX 2. PHOTOS	9



REPORT ON SOCIAL IMPACT ASSESSMENT WITH REGARDS TO CONSTRUCTION OF THE NORTHERN GTT

Rev. 02

1 INTRODUCTION

This report has been prepared subsequent to the results of the Social Impact Assessment with regards to construction of the Northern Gas Transfer Terminal (hereinafter referred to as the GTT) in the area of Boatasino.

The purpose of the Social Impact Assessment with regards to construction of the Northern GTT is to assess the initial information for determining a potential impact and to develop measures for impact management in connection with the facility construction.

2 PROJECT DESCRIPTION

The GTT will be constructed in the area of Boatasino within the pipeline right-of-way and NGB-6 blocking valve limits (see the map in Annex 1). The total area of the land plot for placement of NGB-6 (see photographs in Annex 2) and GTT during the operation period will be 2.94 ha. In addition, a land plot of 0.8 ha has been allocated for the access road to the GTT on a permanent basis. An additional land plot of 1 ha will be temporarily used during the construction period.

The Northern Gas Transfer Terminal is comprised of the following main facilities and units:

- two gas metering and filtering stations;
- three fuel gas disposition terminals; and
- three gas engine generator plants.

Access road NA 04 will be used for passage.

The period of construction is from December 2010 to December 2011, and the period of peak construction activity is from January to March 2011.

The planned number of people to be engaged in the construction work in Boatasino is 70 persons including during a peak construction period.

All non-local employees will be living in the construction camp and transported to the construction site by shift vehicles.

The Val construction camp that was used during the pipeline construction period will be used to provide accommodation of the Contractor's employees (see the map in Annex 2). The camp will be arranged in accordance with the requirements of Sakhalin Energy.

A licensed health station with a doctor and an ambulance car, TCC employees trained in first-aid treatment immediately at the site and first aid kits will be provided for in the camp.

3 CONSULTATIONS

Scope of Work and Purposes of Consultations

Public hearings in respect of this Project were held in Nogliki on 04 December 2001 within the framework of public hearings of environmental impact assessment preliminary materials under Phase 2 of Sakhalin II Project.

From August till October 2010, the Social Impact Assessment Team conducted field work to collect potential impact data including the following:

- on-site survey of the construction site in cooperation with representatives of the Project team and the Contractor (see photographs in Annex 2);
- consultations with potentially-affected groups of persons:
 - with representatives of Val reindeer herders to update and detail information regarding a potential impact on the reindeer herders;
 - with reindeer herders (10 persons) in the Nutovo River area (temporary site of reindeer herders before commencement of migration from the eastern coast to the west to the winter



REPORT ON SOCIAL IMPACT ASSESSMENT WITH REGARDS TO CONSTRUCTION OF THE NORTHERN GTT

Rev. 02

site location)—the 2010–2011 migration routes had been marked on the map in cooperation with reindeer herders in the course of consultations (see photographs in Appendix 2);

- interviewing residents and experts in Val village (10 persons); and
- public meeting with Val residents (3 November 2010, 8 persons) to inform about construction work, identify any concerns, etc.

During consultations, all participants were informed about the construction plans, potential impact management measures, the Grievance Procedure, policy on prohibition of fishing, gathering and hunting for the Project employees engaged in construction works, etc.

All respondents had been interviewed in the following categories of issues:

- using the territory and access roads in the GTT construction area;
- expectations and concerns regarding the GTT construction; and
- potential measures towards mitigation of concerns and potential impact.

See Section 4 for description of the results of work conducted to check the initial situation.

Concerns Expressed during Consultations

Within the framework of above consultations in connection with construction of the Northern GTT, the respondents had expressed the following opinions:

- Val residents had expressed their concerns regarding the issues of using village roads by the Contractors' vehicles, road safety, deterioration of roadway quality, dirt, dust, noise, increased volume of household rubbish, etc.;
- reindeer herders and their representatives had expressed their concerns regarding possible cases of poaching and gathering of wild plants by construction workers.

4 BASELINE INFORMATION ON SETTLEMENTS

The Northern GTT will be located at a distance of 12 km from Val (Nogliki District). See description of Val in Annex D, the Nogliki District—in Annex C of the Report on Social Impact Assessment (2003) accessible on the official Company website http://www.sakhalinenergy.com/ru/documents/doc_38_sia_appd.pdf.

The most part of the land plot allocated for the planned GTT construction is located within the pipeline route in the immediate vicinity of the NGB-6 blocking valve (see photographs in Annex 2) and was earlier affected by construction works.

A smaller part of the site is located on forest lands and constitutes a land plot covered by rare bushes of dwarf Siberian pine, rare trees, mosses, and burnt shrubs and trees (see photographs in Annex 2).

There are no mineral deposits, objects of cultural heritage or specially protected areas territories within the land allocation borders.

According to respondents, this land plot is not of interest for gathering wild plants and recreation activities of the population since it is located in the area of intensive construction activity (construction facilities of OAO Gazprom and Sakhalinmorneftegaz are located at the distances of 150 m to 1.5 km from the planned GTT construction site).

Access roads to the planned construction site had been used during pipeline construction and are currently widely used by OAO Gazprom (see above) for access to the facilities under construction (see photographs in Annex 2).

Interviewing reindeer herders and representatives of reindeer herders has demonstrated that:



REPORT ON SOCIAL IMPACT ASSESSMENT WITH REGARDS TO CONSTRUCTION OF THE NORTHERN GTT

Rev. 02

- earlier, they used the area of Boatasino during seasonal migration, to move from the west to the east and back; however, in 2010–2011, the reindeer herders use and will use another route, since active construction works (see above) is currently conducted under the OAO Gazprom project for laying of pipelines and other facilities in the area of planned GTT construction; and
- during the 2010–2011 autumn-winter season, they will migrate in the area of the Malyi Garomai and Nutovo Rivers to winter pastures; during the 2011 spring-summer period, they will be migrating in the Val area from winter pastures to spring and summer pastures in the area of the Chaivo and Piltun Bays.

Interviewing residents and experts in Val has demonstrated that:

- earlier, the access roads leading to the Boatasino area were used by local people to access to the places of wild plants gathering;
- the GTT construction location is not used by local people to gather wild plants due to construction activities under OAO Gazprom projects; and
- now local people prefer to gather wild plants in other locations near Val.

5 DESCRIPTION OF POTENTIAL IMPACT/PROBLEMATIC ISSUES

Potential impacts and problematic issues include:

- inconveniences for population related to the use of the construction camp (rubbish, noise and dust, conflicts with local residents, deterioration of roadway quality, etc.)—weak impact because of a limited impact source and planned measures for management of this impact (Green level as per HSESAP RAM);
- safety issues related to the use of intra-village roads—weak impact because of a limited impact source and planned measures for management of this impact (Green level as per HSESAP RAM);
- issues of poaching and impact on local resources in connection with gathering of wild plants by non-local workers—weak impact because of a limited impact source and planned measures for management of this impact (Green level as per HSESAP RAM);
- issues of reindeer herders' migration—weak impact because of a limited impact source and planned measures for management of this impact (Green level as per HSESAP RAM); and
- issues of labour relations—weak impact (Green level as per HSESAP RAM);
- insufficient awareness about the project;
- potential operations impacts described in the Report on Social Impact Assessment (2003), Chapter 10, p10-11, table 10.5.2
(http://www.sakhalinenergy.com/en/documents/doc_38_sia_chp10.pdf)
- and Chapter 11, p.11-12, table 11.4.3
(http://www.sakhalinenergy.com/en/documents/doc_38_sia_chp11.pdf)



REPORT ON SOCIAL IMPACT ASSESSMENT WITH REGARDS TO CONSTRUCTION OF THE NORTHERN GTT

Rev. 02

- and Chapter 12, p.12-24, table 12.9.2.1
(http://www.sakhalinenergy.com/en/documents/doc_38_sia_chp12.pdf)
- and Chapter 13, p.13-12, table 13.5.5
(http://www.sakhalinenergy.com/en/documents/doc_38_sia_chp13.pdf)
- and Chapter 14, p.14-8, table 14.2.3
(http://www.sakhalinenergy.com/en/documents/doc_38_sia_chp14.pdf).

Potentially affected communities:

- Val community on the whole;
- Val reindeer herders; and
- contractors' employees.

6 MEASURES PROPOSED FOR IMPACT MANAGEMENT

- In cooperation with the Contractor, proactive and regular informing the stakeholders on the dates and types of construction work, use of the access road, etc. (Social Performance Standard Overview 0000-S-90-01-O-0021-00-E Appendix 01, para 12, http://www.sakhalinenergy.com/en/documents/61_Social_Performance_Standard_Overview_E.pdf).
- Providing briefing on the Code of Conduct and rules of accommodation in the construction camp including fishing, hunting and gathering by non-local employees (Social Performance Standard Overview 0000-S-90-01-O-0021-00-E Appendix 01, para 10 and bullet 7, http://www.sakhalinenergy.com/en/documents/61_Social_Performance_Standard_Overview_E.pdf).
- Interaction with reindeer herders and their representatives to preclude/minimise impact (Indigenous Peoples 0000-S-90-01-O-0021-00-E Appendix 04, para 7, http://www.sakhalinenergy.com/en/documents/63_Indigenous_Peoples_E.pdf) and PCDP, section 6.3 http://www.sakhalinenergy.com/en/documents/PCDP_revision_7_2010_Eng.pdf).
- Solving road safety issues (limitation of speed, usage during day hours) (International Requirements for Road Transport 0000-S-90-04-O-0-0005-E, p.6-7, table Requirements of Lenders, ROW Driver and driving requirements http://www.sakhalinenergy.com/en/documents/14_International_Requirements_for_Road_Transport_E.pdf).
- Implementation of the Waste Management Plan developed in compliance with the requirements of Sakhalin Energy (Waste Management Standard Overview, 0000-S-90-01-O-0258-00-E, para 6, http://www.sakhalinenergy.com/en/documents/28_Waste_Management_Standard_Overview_E.pdf).
- Implementation of the Construction Camp Management Plan developed in compliance with the requirements of Sakhalin Energy (a closed camp with provision of the whole set of conditions for accommodation and leisure activities) (Social Performance Standard Overview 0000-S-90-01-O-0021-00-E Appendix 01, para 11, http://www.sakhalinenergy.com/en/documents/61_Social_Performance_Standard_Overview_E.pdf).
- Implementation of the Security Plan developed in compliance with the requirements of Sakhalin Energy (Social Performance Standard Overview 0000-S-90-01-O-0021-00-E Appendix 01,



REPORT ON SOCIAL IMPACT ASSESSMENT WITH REGARDS TO CONSTRUCTION OF THE NORTHERN GTT

Rev. 02

para 11.

http://www.sakhalinenergy.com/en/documents/61_Social_Performance_Standard_Overview_E.pdf).

- Implementation of the Supplier's Plan¹.
- Implementation of the Recruitment and Labour Relations Management Plan² (Russian Content and Employment, 0000-S-90-01-O-0021-00-E Appendix 10, para 1,2,3 http://www.sakhalinenergy.com/en/documents/69_Russian_Content_and_Employment_E.pdf).
- Maintaining the roads being in use in a condition suitable for traffic of passenger cars and washing the roadway during dry seasons to reduce dust generation. (Social Performance Standard Overview 0000-S-90-01-O-0021-00-E Appendix 01, para 7. http://www.sakhalinenergy.com/en/documents/61_Social_Performance_Standard_Overview_E.pdf).
- In the event of concerns/complaints, implementation of the Grievance Procedure (Addressing Grievances 0000-S-90-01-O-0021-00-E Appendix 08. http://www.sakhalinenergy.com/en/documents/67_Addressing_Grievances_E.pdf).
- Monitoring and control over fulfilment of measures and provision of reports by the Contractor (Social Performance Monitoring, 0000-S-90-01-O-0021-00-E Appendix 11 http://www.sakhalinenergy.com/en/documents/70_Social_Performance_Monitoring_E.pdf).

7 INTERACTION WITH STAKEHOLDERS

Pursuant to the Public Consultation and Disclosure Plan, the Company shall conduct public, group and individual meetings with stakeholders. The procedure of interaction with stakeholders in connection with construction under this Project will be updated under this Plan for 2011. Continuous interaction with communities, including reindeer herders and their representatives, will be mainly conducted through the IP Community Liaison Officer. Two public meetings in Val (in spring and summer) are planned for the construction period.

Whenever necessary, the Contractor will participate in consultations with communities and authorities in cooperation with the Company specialists (for example, when conducting public meetings).

8 MONITORING AND REPORTING

Conducting monitoring in accordance with the Monitoring Specification of the Social Performance Standard and Social Performance Plan (Social Performance Monitoring 0000-S-90-01-O-0021-00-E Appendix 11 http://www.sakhalinenergy.com/en/documents/70_Social_Performance_Monitoring_E.pdf).

The Social Impact Assessment Team is responsible for regular monitoring (twice per year).

In addition, the Contractor must regularly provide reports on the agreed-upon parameters of social impact and its monitoring, including the issues of labour relations, compliance with the Code of Conduct, placement of staff, complaints, etc.

Social indicators for this Project should include applicable indicators specified in the Social Performance Monitoring 0000-S-90-01-O-0021-00-E Appendix 11, Appendix: Social Performance indicators (http://www.sakhalinenergy.com/en/documents/70_Social_Performance_Monitoring_E.pdf).

¹ Supply plan is to describe the supply chain process for GTT construction project; it contains the reference to Sakhalin Energy Russian content commitments.

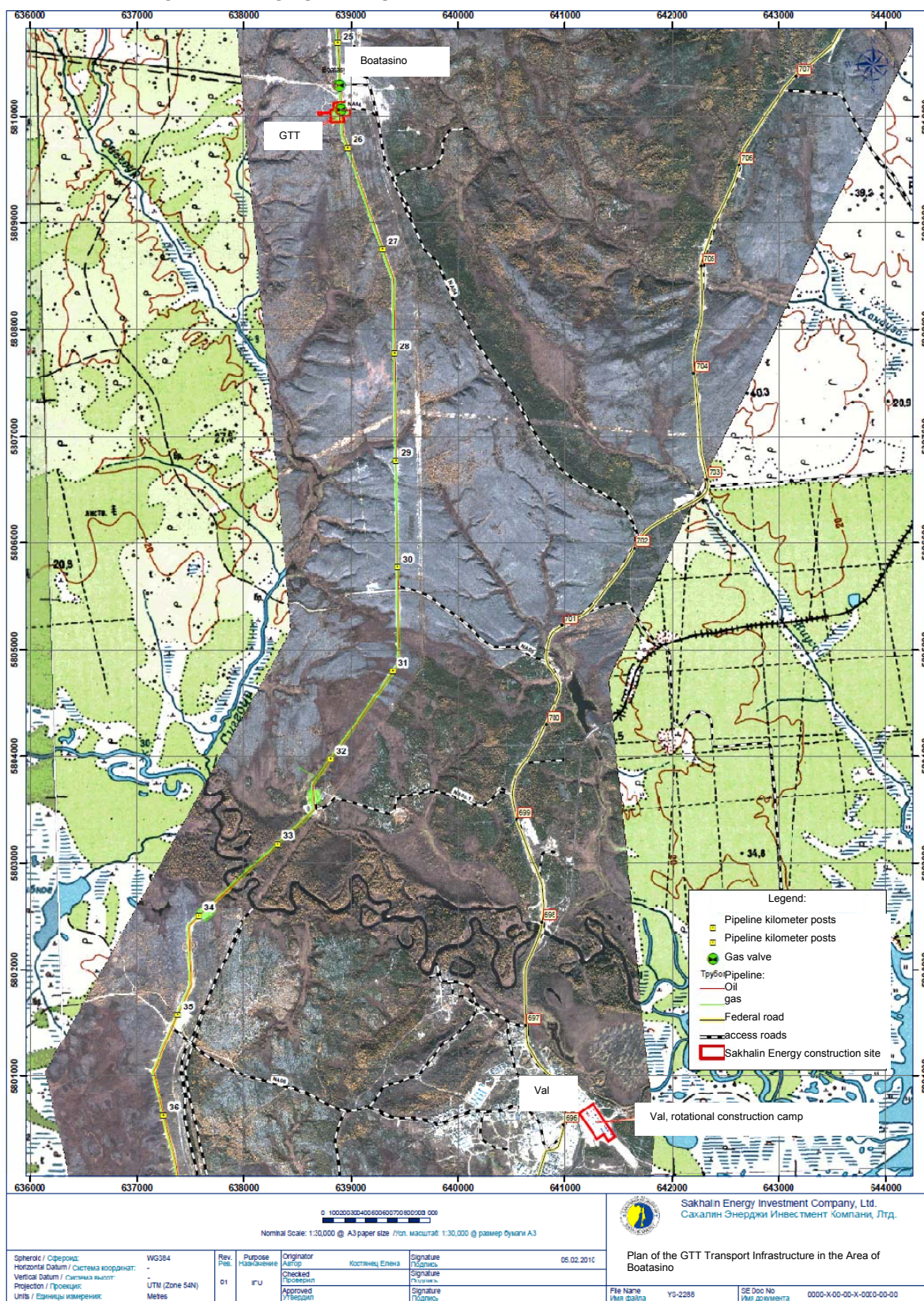
² Recruitment and labour relation management regulations are included in mobilization plan and address the recruitment process in accordance with company's local and Russian content commitments and Russian labour law.



REPORT ON SOCIAL IMPACT ASSESSMENT WITH REGARDS TO CONSTRUCTION OF THE NORTHERN GTT

Rev. 02

ANNEX 1. NORTHERN GAS TRANSFER TERMINAL





REPORT ON SOCIAL IMPACT ASSESSMENT WITH REGARDS TO CONSTRUCTION OF THE NORTHERN GTT

Rev. 02

ANNEX 2. PHOTOS



Blocking valve NGB-6



GTT construction location



Access road to GTT



Construction camp in Val



Meeting with reindeer herders



Public meeting