



SAKHALIN ENERGY INVESTMENT COMPANY LTD

**PUBLIC CONSULTATION AND DISCLOSURE
REPORT, 2011**

**Revision 04
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1 INTRODUCTION

Sakhalin Energy Investment Company Ltd. (Sakhalin Energy) considers regular and meaningful engagement with the public and key stakeholders, as well as the public disclosure of relevant project information, to be important elements for the successful development of the Sakhalin-2 Project (the project). To this end, since the Phase I component of the Sakhalin-2 Project began in 1992, the Company has actively sought to engage with stakeholders and provide information about its activities.

This document describes Sakhalin Energy's public consultation and the disclosure of information as of 31 December 2011, and includes:

- Summary of consultation held in 2011;
- Summary of consultation held with different stakeholder categories;
- Summary feedback from consultation;
- Community grievance procedure implementation;

There are four appendices to this document:

- Appendix 1 provides a summary of non-governmental and community organisations which have been involved to date;
- Appendix 2 provides community liaison organization contact information and bulletin boards location;
- Appendix 3 lists the existing stakeholders in Japan, in particular, on the island of Hokkaido.
- Appendix 4 lists used abbreviations.

Sakhalin Energy will update this report on an annual basis.

2 CONSULTATION AND INFORMATION DISCLOSURE

2.1 Consultations carried out in 2011, general information

The types of consultation Sakhalin Energy has carried out in 2011 are presented in Table 1 below.

Table 1: Types of consultation carried out in 2011

TYPE	EXAMPLES
Public consultations	<ul style="list-style-type: none"> Public meetings in town halls, culture centres, libraries Public hearings (arranged in compliance with RF legislation) Dialogues with stakeholders within frame of sustainable development report preparation
Group meetings	<ul style="list-style-type: none"> Focus group meetings (e.g., heads of enterprises, indigenous people, vulnerable groups) Seminars (e.g., with school children, entrepreneurs) Spontaneous group meetings (e.g., in a shop, school or in the street) often called group discussions Site visits
Individual meetings	<ul style="list-style-type: none"> Meetings with experts (e.g., administration, specialists from health, education, social or cultural departments, entrepreneurs, key figures in the community) Interviews with local residents Others

Table 2: Community consultations in 2011

DATE	CONSULTATIONS	KEY PURPOSE	NUMBER OF MEETINGS	NUMBER OF PEOPLE
February	Second round of a dialogue with stakeholders within frames of sustainable development report preparation, meeting in Yuzhno-Sakhalinsk	2010 sustainable development report preparation*	1	23
March - April	Consultations in the traditional areas of indigenous residence: Okha, Nekrasovka, Nogliki, Val, Chir-	Update on SIMDP implementation and SIMDP grievance procedure,	10	200

* In 2009 Sakhalin Energy joined the UN Global Compact and decided to follow the public non-financial reporting standard of the Global Reporting Initiative, GRI. Consultation summary under sustainable development report preparation is described in section 2.2

DATE	CONSULTATIONS	KEY PURPOSE	NUMBER OF MEETINGS	NUMBER OF PEOPLE
	Unvd, Tymovsk, Alexandrovsk-Sakhalinski, Smirnykh, Poronaisk and Yuzhno-Sakhalinsk	programme of traditional economic activities support, work of the Council of the social development fund and other questions related to SIMDP. Individual consultations and assistance in writing applications for grant programmes.		
April-May	Community public meetings in Nogliki, Val, Tymovskoe Smirnykh, Poronaisk, Makarov, Dolinsk, Aniva, Korsakov, Yuzhno-Sakhalinsk (centres of the districts where Project facilities/assets are located as well as communities in the vicinity of which construction activities (GTTs) were ongoing in 2011 – Val and Yuzhno-Sakhalinsk).	Update on Sakhalin-2 project progress and most recent information about project benefits, project related local activities, social initiatives, sustainable development /social investment projects, grievance procedure, employment opportunities, local business development and community awareness programme.	10	105
August	Public opinion survey. The survey was conducted in 23 Sakhalin communities, which are situated in the vicinity of project activities. Method of	Assessment of public attitude towards the project activities under social impact monitoring programme	23	980

DATE	CONSULTATIONS	KEY PURPOSE	NUMBER OF MEETINGS	NUMBER OF PEOPLE
	the survey - individual interviews with a questionnaire.			
October	First round of a dialogue with stakeholders within frames of sustainable development report preparation, meeting in Yuzhno-Sakhalinsk	2011 sustainable development report preparation	1	20
November	Consultations in the traditional areas of indigenous residence: Okha, Nekrasovka, Nogliki, Val, Chir-Unvd, Tymovsk, Alexandrovsk-Sakhalinski, Viakhtu, Smirnykh, Poronaisk and Yuzhno-Sakhalinsk	Update on SIMDP implementation, update on projects and activities performed in 2011, information regarding the new component of the Plan – programme of micro loans for development of traditional economic activities and individual consultations.	11	150
November	Bus tours to Prigorodnoye production complex in Korsakov district for Korsakov community	Update on Sakhalin-2 project progress and Prigorodnoye complex in particular, information about social development and social investment programmes in Korsakov district	1	33
December	Meeting with IP regional Council in Yuzhno-Sakhalinsk together with the contractor for the seismic survey	Information regarding forthcoming seismic survey on the South Piltun	1	13
Total				1524

2.2 Stakeholder engagement within framework of sustainable development report preparation

In 2009 Sakhalin Energy joined the UN Global Compact and decided to follow the public non-financial reporting standard of the Global Reporting Initiative, GRI.

Sustainable development report covers the results of Sakhalin Energy activities, including environmental protection, personnel development, stakeholder engagement, social projects and other aspects. Sustainable development report is available in public domain at the Company's official website, Sakhalin Energy information centres, located in the Sakhalin communities and is widely distributed among Project's stakeholders.

As part of preparation of the reports, the Company commits to hold regular consultations with stakeholders so they can share their opinions on the Company's activity and make recommendations on further development of the Company's responsibility in production, environment and social areas.

Consultations are conducted in a form of stakeholder dialogue twice a year. During the first round of a dialogue the Company presents information on Company's activities for the reporting period to stakeholders. Participants of the dialogue comment and discuss what additional information of wide audience interest might be included into the report, ask questions. During the second round of a dialogue the Company responds to the stakeholders' comments and questions received during the first round of a dialogue. Results of consultations are included into sustainable development report of the corresponding reporting period.

Stakeholders involved in these dialogues are local communities, NGOs, authorities, experts and public organisations that usually engage with Sakhalin Energy on the issues of environment, social and other areas of sustainable development. Direct written invitation method is used to contact the participants prior to the dialogues. In addition, the company invites stakeholders to contribute to sustainable development reporting through a questionnaire (appended to each Sustainable Development report – questions 7, 9, 10).

In 2011 the Company conducted two rounds of dialogue:

- February 2011 – second round of dialogue within frames of 2010 sustainable development report preparation, where the Company answered questions and comments received during the 1st round of dialogue (took place in November 2010). Summary of dialogues within frame of 2010 sustainable development report is included into the report (see the report at the company's website: http://www.sakhalinenergy.com/en/library.asp?p=lib_social_shelf&l=lib_social_report_2010)
- October 2011 – first round of a dialogue within 2011 sustainable development report preparation, where the Company presented to stakeholders information on Company's activities and achievements for the reporting period.

In September 2011 the Company conducted a public presentation of 2010 sustainable development report in Moscow. Representatives of scientific and expert community, federal and regional authorities, business, indigenous people, NGOs and other society representatives and mass-media attended the presentation.

Successful public endorsement of the 2010 sustainable development report conducted by non financial reporting Council of Russian Union of industrialists and entrepreneurs (RSPP) became a major milestone. As it underlined in the RSPP conclusion, the report “covers all key areas of responsible business practice in compliance with the principles of Russian Business Social Charter and with sufficient

completeness of information on the Company's activities in these areas." RSPP conclusion and certificate are available at the company's website. (http://www.sakhalinenergy.com/en/library.asp?p=lib_social_shelf&l=lib_social_report_2010).

2.3 Consultation and information disclosure in project affected communities

Sakhalin Energy endeavoured to ensure that the people and groups it consulted with were representative and inclusive of vulnerable groups; local traditions and cultural norms are respected in discussions and decision-making; and that face-to-face meetings arranged are varied and create conditions that encourage wide and diverse participation.

Sakhalin Energy undertook a public meetings programme in the district centres of key project-affected communities in 2011. Please refer to the table 2 for more details.

The date, time and venue for the public meetings were announced in key Sakhalin newspapers (as listed in Table 3) three weeks prior to any public meeting. Key stakeholders with whom the Company has frequently engaged were informed of the meetings by e-mail or in writing.

2.3.1 Consultations and information disclosure in regard with construction and commissioning of gas transfer terminals (GTT)

In regard with construction and commissioning of two GTT in southern and northern parts of the island in 2011 four field social monitoring visits were conducted within the framework of social impact monitoring programme. This involved three visits to Val and one visit to Dal'neye settlements (populated areas closest to the terminals) and to the GTT construction sites in April, August and September. During the visits direct observations and meetings with authorities were conducted. In addition community members were involved via individual random-selection interviews¹.

As required the contractor's representatives in cooperation with the Company's specialists (GTT project team) participated in consultations with communities and local authorities (during public meetings held in 2011 in Val and Yuzhno-Sakhalinsk).

During consultations the Company provided information on the project implementation status and received feedback on communities concerns and the implementation of monitoring/ impact mitigation measures described in the social impact assessment reports for the GTT construction.

Social impact assessment report for the GTTs construction is available at the Company website (www.sakhalinenergy.ru (Russian), www.sakhalinenergy.com (English)).

2.3.2 Consultations and information disclosure in regard with the seismic surveys to be held in 2012

As part of the EIA for the seismic survey public consultation and disclosure process was held by the contractor as per the RF legislation (relevant documentation including questionnaires placed in libraries; made announcements about this; collected questionnaires filled by community members). Also a targeted meeting with participation of the contractor and the Company's specialists was held with IP Regional Council (please refer to the table 2).

¹ 'Spontaneous' interviews using a brief questionnaire: respondents were approached in the library, paramedic -midwife station, a local shop and asked to take part in the interview

2.3.3 Consultations and information disclosure with residents in the vicinity of Prigorodnoye complex accommodation facilities

In 2011 the Company specialists hold five meetings with Korsakov residents (in January, June, and August) living in close proximity to Prigorodnoye complex accommodation facilities under social impact monitoring programme in order to identify potential concerns and impacts, to monitor post resolution of grievances and to inform the community on project implementation status. The meetings were arranged in advance by phone.

2.3.4 CLO activities in communities

During 2011 Sakhalin Energy carried out regular consultations with affected communities using dedicated community liaison organization.

CLOs met with key community members (residents, authorities, social institutes, libraries etc) regularly in communities near the Project assets. They also made frequent visits to project-affected communities on Sakhalin Island to ensure that communities have regular access to a representative of the company to discuss any project-related issues. These visits were announced in advance in those communities on the Sakhalin Energy bulletin boards and in the Company's information centres (the list is available in Appendix 2).

Company information centres have been opened in 23 communities on the basis of district and settlement libraries. The Company information centres were advertised in key Sakhalin newspapers (the list of newspapers is provided in the table 3), by posters on the Company's bulletin boards and in the information centres themselves, as well as on the Company's web-site. With this project Sakhalin Energy established an effective system of receiving feedback from communities residing in close vicinity to Sakhalin-2 assets. Sakhalin Energy provided regular information to affected communities via Company information centres, including the following types of materials: corporate newspaper "Vesti", annual PCDP and PCDR, the Company's annual review, sustainable development report, grievance procedure leaflets, posters with information on social programmes, etc.

Community residents contacted the Company information centre consultants any time during the regular library business hours at their convenience. The up-to date list of Company information centres is maintained at the Sakhalin Energy website: www.sakhalinenergy.ru (Russian) and www.sakhalinenergy.com (English).

Sakhalin Energy has developed a grievance procedure to ensure that grievances are resolved as efficiently as possible. The steps that should be undertaken to lodge a grievance were available in the information centres and on the Sakhalin Energy website. Consultants of information's centres have been trained to record grievances as well.

The total of 4,077 people visited Sakhalin Energy's information centres in 2011. The focus of the public interest was on employment opportunities, additional information on Sakhalin – 2 Project, as well as participation in the social programmes and St. George Ribbon campaign (annual event dedicated to the National Victory Day to commemorate the fallen in the World War II). Two grievances were lodged via the information centres in 2011

2.3.5 Consultations and information disclosure with dacha owners at Prigorodnoye in 2011

The size of the sanitary protection zone (SPZ) around the Prigorodnoye complex has been determined as a radius of 1km from the emission sources. There are no communities within this location; however, approximately 40 dachas lie in close

proximity to the edge of the SPZ². These are generally seasonally occupied residences. The dacha season on the south of Sakhalin Island lasts from May till October inclusively. The dacha residents, closest to the SPZ edge, belong to the dacha community 'Stroitel' and are located about 1200 meters to the west from the Prigorodnoye complex borders.

Throughout 2011 Sakhalin Energy continued engagement with dacha community and addressed concerns, queries or questions during consultations with the community leader and other representatives. In addition Sakhalin Energy continued implementing the quality of life monitoring (including air quality and noise levels monitoring) during the dacha season, i.e. May-October, as required under the HSESAP and which is open to the dacha residents through presence during the measurements. The results of the monitoring were regularly reported to the chairman of the dacha community.

The engagement with dacha owners in 2011 included the following:

- Air and noise monitoring during the dacha season. As a rule, the dacha owners were invited to participate in all these monitoring sessions, however representatives of the dacha community opted not to be present during the air and noise monitoring in 2010 and 2011;
- Special invitations to company dialogues with stakeholders when preparing sustainable development report (questions and concerns by the chairman of Stroitel cooperative as well as Sakhalin Energy's answers were included into the sustainable development report for 2010);
- Meetings within the framework of RAP monitoring;
- Meeting with the RAP external monitor;
- Meeting with lenders' independent environment consultant.

2.3.6 Other methods of communication with affected communities

Sakhalin Energy provided regular information about the project in advertisements, question and answer sessions and in local media (newspapers are listed in Section 2.5) and on its public website in Russian and English: www.sakhalinenergy.ru (Russian) and www.sakhalinenergy.com (English).

In hard copies the following material was distributed:

- Corporate newspaper Vesti;
- Annual reports (2010 annual review and 2010 sustainable development report);
- Lenders and lenders' independent consultant HSESAP implementation reports;
- Grievance procedure leaflets;
- New edition of the HSESAP;
- Annual PCDP and PCDR;

² An SPZ is a designated area around an industrial facility. The territory of the SPZ is aimed for:

- reduction of the level of all impacting factors to the required hygienic norms by the edge of the SPZ;
- provision of a sanitary barrier between the territory of an industrial facility and residential area.

- Other specific reports and materials on environmental and social aspects.

In 2011 Sakhalin Energy continued to operate special free hotlines:

- For telephone queries and complaints from communities within Sakhalin Island - number is 8 4242 662400 (dial from Sakhalin Island). Available for Russian and English speakers. If there is a sensitive issue and the caller prefers to speak to a woman, the caller should state the request and an appropriate qualified person will return the call.
- telephone + 8 4242 662778 (for Japanese stakeholders, in English; an interpreter to/from Japanese can be arranged upon request);
- Safety issues - number is 8 4242 662500 (dial from Sakhalin Island).

2.3.7 Community awareness programme

In 2011 Sakhalin Energy continued the information campaign as part of the community awareness programme to ensure compliance with pipeline safety requirements by stakeholders and community to prevent emergencies, casualties and environmental damage. The campaign was done through anti-vandal posters and articles in district newspapers published on a quarterly basis (the list of the newspapers is provided in the table 3) specifically related to the programme. Besides, this information was also included in the presentation provided during public meetings in district centres of key project-affected communities in 2011 (details on the meetings are provided in the table 2).

2.3.8 Public opinion survey

The annual Public opinion survey is one of the monitoring tools to ascertain public attitude towards the Project. In 2011 the survey was conducted in 23 Sakhalin communities, which are situated in close vicinity of the project activities. Individual interviews with a questionnaire serve as a primary method of the survey. No significant issues and/or impacts were identified as a result of the 2011 survey.

2.4 Indigenous stakeholders

In 2011 the Company continued its regular engagement with representatives of Sakhalin indigenous communities in the areas of traditional indigenous residence and economic activities. A distinctive feature of year 2011 was that it saw a successful start of the 2nd Sakhalin indigenous minorities development plan for years 2011-2015 (the plan). Following the recommendations received at the plan development stage, the partners put special emphasis on raising public awareness of ongoing programmes and opportunities they would offer. For this purpose, the following was done in 2011:

- Special bulletin boards were established in all settlements of traditional residence and economic activities to inform about the plan, its programmes, updates etc.
- Regular information bulletin and other plan-related printed materials (leaflets etc) were issued and distributed among the stakeholders community.
- Plan's website was extensively used (www.simdp.ru).
- Meetings were held with Sakhalin indigenous people – publicly, in groups and individually (see www.simdp.ru).

In March-April the representatives of the Regional Council of IP authorized representatives, Sakhalin Energy and Sakhalin Oblast Government had public consultations and meetings with representatives of municipal authorities in nine settlements of traditional indigenous residence and economic activities. The

meetings were held in the form of a dialogue. They began with an update on the 2nd plan implementation, information regarding procedure for resolving grievances related to the plan, announcement of a grant contest under traditional economic activities support programme, and social development fund update. Then there were discussions of the above topics and other issues related to implementation and management of the plan at large and of some of its programmes. A total of 200 people joined the discussion.

The second round of the consultations was held in November, in 11 districts of traditional indigenous residence and economic activities. The attendees were provided with an update of the 2nd Plan implementation, Sakhalin-2 mitigation matrix, and events that took place and were held in 2011. A new component of the plan was presented, the micro-credit subcomponent of traditional economic activities support programme for the Sakhalin indigenous people. Then there were discussions of the above topics and other issues related to implementation and management of the plan at large and of some of its programmes. Following the public meetings, individual meetings were held. A total of 150 people joined the discussion.

During the project operations, consultations with reindeer herders were held as part of the plan implementation.

2.5 Consultations and disclosure in other Sakhalin communities

In 2011 Sakhalin Energy conducted consultation in 9 of 15 Sakhalin Island's district centres as well as other towns, villages and settlements.

Sakhalin residents could consult the two main Sakhalin Island newspapers for details of project news. These were: Gubernskiy Vedomosti and Sovetsky Sakhalin.

In addition, project news and information relevant to specific communities were published in the following 11 district newspapers:

Table 3: District newspapers for project news and information distribution

DISTRICT	NEWSPAPER(S)
Aniva	Utro Rodiny
Dolinsk	Dolinskaya Pravda
Kholmsk	Kholmskaya Panorama
Korsakov	Voskhod
Makarov	Novaya Gazeta
Nogliki	Znamya Truda
Tymovsk	Tymovsky Vestnik
Poronaisk	Express, Zvezda
Smirnykh	Novaya Zhizn
Okha	Sakhalinsky Neftyanik

2.6 Engagement with community and other non-governmental organisations

The annual public consultation and disclosure report, sustainable development report and other publications that may be of interest were provided during the course of the year.

During 2011 the Company continued its regular engagement with community and non-governmental organisations as follows:

- Meetings with Sakhalin based NGOs within the framework of sustainable development report preparation (twice a year);
- Cooperation with the Western Gray Whale Advisory Panel as part of the work on elaboration of optimal solutions for minimising the impact upon gray whales. In 2011, WGWAP meeting was held in May, at which Company representatives met with WGWAP researchers, representatives from the World Wildlife Fund, Pacific Centre for Environment and Natural Resources, International Fund for Animal Welfare;
- Cooperation with the Wild Salmon Centre and associated Sakhalin Salmon Initiative within the framework of similarly-named programme;
- Cooperation with social oriented NGOs within the framework of Social Development/Social Investment Company's programs –the meetings were held routinely within the frames of SD/SI projects and programmes.

Table 4 reflects the number of meetings held with organisations that have been consulted with, either as groups or separately in 2011.

Table 4: Meetings with community and other non-governmental organisations

Location	No.
Local (includes formal Indigenous organisations)	43
Regional	7
National	3
Japan	4
Other International	4

2.7 Japanese stakeholder engagement

2.7.1 Introduction

Representatives of Sakhalin Energy were in contact with Japan-based specialists in trans-boundary issues, such as oil spill response (OSR) and biodiversity, and have attended a number of conferences and technical meetings in 2011.

2.7.2 Materials available in Japanese

On topics that are of a relevant trans-boundary nature, Sakhalin Energy translates key public domain information into Japanese. Principally this includes information about trans-boundary environmental and social issues. The following materials have already been made available in the Japanese language before 2011:

- Executive summary of the ESHIA;
- Sections of the Environmental Impact Assessment Addendum that have relevance in a trans-boundary context:
 - Executive summary,
 - Oil spill response,
 - Baseline information on Steller's Sea Eagle,
 - Marine mammals (other than Western Gray Whale),
 - Marine and coastal commercial fisheries,

- Dredging and disposal in Aniva Bay,
- Material project changes since the 2003 EIA,
- Red data book and migratory birds,
- Executive summary of the IUCN report on February 2005 on the western grey whale;
- Comparative environmental assessment report of the Western Grey Whale;
- The corporate oil spill response plan for Sakhalin II Project (Phase 2);
- The offshore Prigorodnoye oil spill response handbook;
- Minutes of Sakhalin Energy's public meetings in Sapporo and Tokyo in April 2006; and
- Executive summaries of the Lenders' independent environmental consultant (IEC) site visits
 - IEC Site Visit Report September 2008;
 - IEC site visit report November 2008;
 - IEC site visit report May 2009;
 - IEC site visit report September 2009;
 - IEC site visit report March 2010;
 - IEC site visit report April 2010;
 - IEC site visit report June 2010.
 - IEC site visit report September 2011.

The following documents were made publically available in Japanese in 2011:

- Health, Safety, Environment and Social Action Plan (HSESAP), revision 3, 2010 and documents that have relevance in a trans-boundary context:
 - Comparison of HSESAP revisions 2 and 3;
 - Appendix 1. HSESAP commitments to Company standards;
 - International requirements for occupational health and hygiene;
 - International requirements for managing risk;
 - International requirements for hazardous activities;
 - International requirements for road transport;
 - Loss prevention in design and construction;
 - International requirements for air emissions and energy management;
 - International requirements for water management;
 - International requirements for waste management;
 - International requirements for soil and groundwater;
 - International requirements for land management;

- International requirements for biodiversity³;
 - Oil spill preparedness and response;
 - Steller's Sea Eagles and endangered red birds;
 - Marine mammals specification;
 - Dredging.
- Section of the PCDP related to engagement with Japanese stakeholders.

2.7.3 Public consultation activities in Japan

During 2011 the Company undertook a number of consultation and engagement activities in Japan. This programme has been developed with feedback from stakeholders, including the participants at several meetings in Japan, which the Company have attended and/or initiated.

Key stakeholder activities in 2011:

- 17 February - Okhotsk Environment Protection Net (OEPN) within a framework of the annual Hokkaido Fisheries Forum.
- 17 February - meeting with Hokkaido Government representatives
- 18 February - meeting with Hokkaido Fisheries Environmental Centre representatives
- 18 February - meeting with regional Japan Coast Guard (JCG) branch in Otaru
- 20 February - participation in the opening of 26th Mombetsu Oil in Ice Symposium.
- 21 February - meeting in Mombetsu branch of JCG
- 21 September – meeting with Hokkaido Government and Hokkaido Fisheries Environmental Centre
- 22 September - meeting with Wakkanai branch of Japan Coast Guards
- 22 September - Sakhalin Project Forum in Wakkanai. This forum was arranged by Okhotsk Environment Protection Net, some 50 people were in the audience (representatives of Okhotsk communities)
- 21 November – JCG forum on Sakhalin projects, Otaru
- 21 November – meeting with Hokkaido Bureau of economy, trade and industry (METI)
- 22 November – meeting with the President of Hokkaido University

During the above mentioned meetings the Company representatives informed on Sakhalin-2 Project implementation status, OSR preparedness. The Sakhalin Energy specialists from External Affairs department participated in the meetings.

A review of the engagement activities in Japan has been undertaken at the end of Quarter 4 2011 to determine the 2012 programme.

³ The International Requirement specifications related to the HSESAP are currently being revised. Versions in the Japanese language available on the Sakhalin Energy public web-site will be updated accordingly once revision of the HSESAP International Requirements has been finalised.

2.8 Media and other interest groups

Sakhalin Energy's External Affairs department in both Moscow and Yuzhno-Sakhalinsk communicated regularly with representatives of the mass media as well as other interest groups such as educational and research institutions.

Formal meetings, such as press conferences and discussions were held regularly. There was also informal interaction with representatives of these groups.

Media were informed in advance of press conferences and other meetings by telephone, fax or email as appropriate.

In 2011 six media briefings were held in Yuzhno and one in Nevelsk. Media representatives of the Island's and national media were invited to attend.

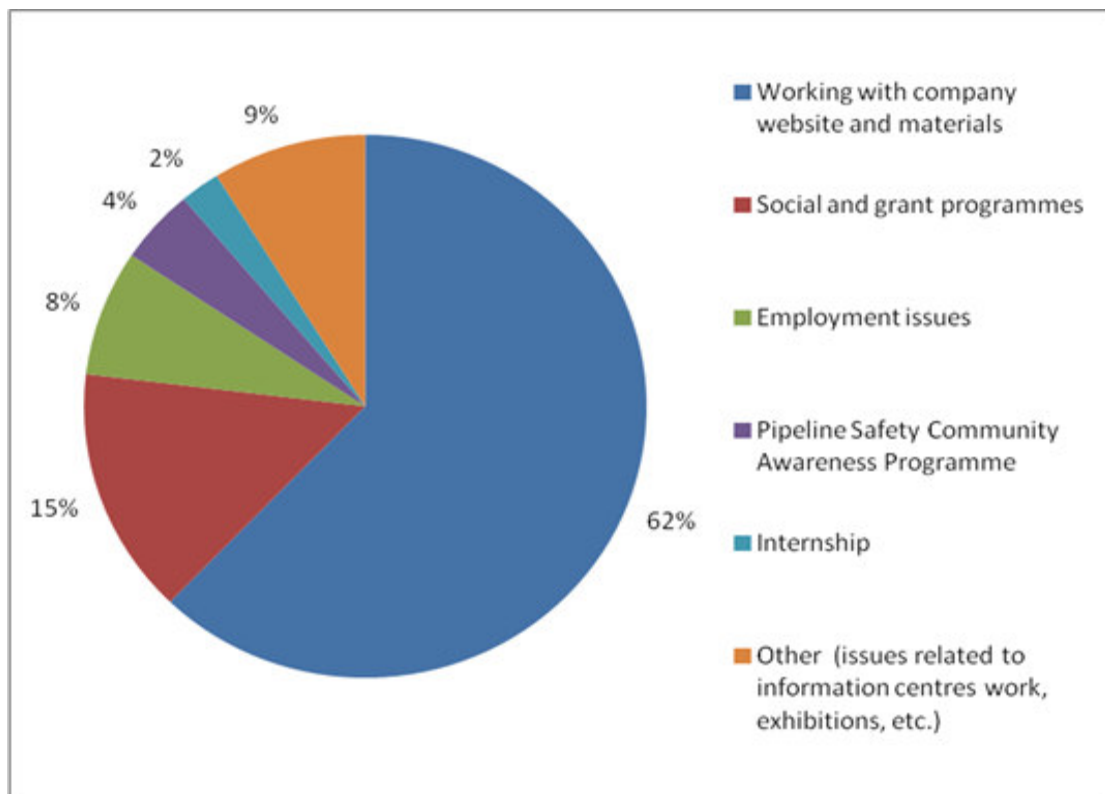
Table 5. Mass-media activities

Format	Frequency	Language
Media briefings for Sakhalin journalists	7	Russian/English
TV programme 'Energy'	51 (weekly)	Russian
Publication of project related information in the district newspapers (please see table 3 for the list of newspapers)	9	Russian
'At a glance' page on the Sakhalin Energy web-site	Regularly	Russian/English
"Vesti" newspaper	Monthly	Russian

3 FEEDBACK FROM CONSULTATIONS

Sakhalin Energy has relied heavily on feedback received from stakeholders in developing the consultation programmes.

The main questions that have been asked during consultations (public meetings and Sakhalin Energy information centres) are shown at the diagram below. Majority of people expressed their interest in the Company's information materials including the Company's web site as well as social development and social investment programmes. The number of verbal enquiries on the environmental aspects (mostly related to Western Grey Whales) was not considerable as all these aspects are covered in the information available on the Company's website and printed materials in the information centres.



In addition the summaries of stakeholders dialogues within 2010 sustainable development report preparation included into the report, Appendix 2 (see the report at the company's website:

http://www.sakhalinenergy.com/en/library.asp?p=lib_social_shelf&l=lib_social_report_2010

4 COMMUNITY GRIEVANCE PROCEDURE

In June 2011 the “Guiding Principles for the UN ‘Protect, Respect and Remedy’ framework” were endorsed by UN Human Rights Council to become a practice guideline for business around the world on human rights issues, including effective grievance-addressing mechanisms.

Broad experience gained by Sakhalin Energy in implementation of the community grievance procedure was highly appraised and the Company’s practice in addressing grievances was taken into consideration during development of this international ethic and corporate social responsibility standard.

In 2011 Sakhalin Energy was invited to introduce its grievance resolution model at the conference “Business and human rights” organized by Global Compact Germany in Berlin.

4.1 Reporting grievances

On regular basis the Company distributes a community grievance leaflet, which advises those with a grievance on how they can lodge a grievance relating to Sakhalin-2 project activities. The community grievance leaflet is distributed in the project affected communities and among the contractors/subcontractors employees.

In 2011 the Company ran a regular campaign on advertising of the grievance procedure aimed at distributing information on the grievance procedure among communities and contractors/subcontractors employees. These included:

- Leaflet and posters (in all project affected communities and locations, including offices, camps);
- Districts newspaper announcements;
- A dedicated slide in every community presentation;
- Trainings for contractors to introduce community grievance procedure

4.2 Grievance addressing in 2011

In 2011 the Company received the total of 16 grievances, 28% less than in previous year which is due to considerable reduction in Sakhalin-2 project construction works and related temporary community inconveniences and also timely identification of potential issues of concern and their effective resolution. Among grievances received in 2011, 31% were raised in connection with the project related impact on local communities (e.g. concerns related to land use, road conditions); 31% - labour issues (employment issues within contractor organisations); other grievances – (SIMDP implementation, contract issues) -38%. For more information see the table 6 below:

Table 6: Grievances lodged in 2011

Grievance category	Number of grievances lodged	%
Community impact	5	31
Labour relations	5	31
Others (SIMDP implementation and contract issues)	6 (SIMDP implementation – 5, contract issues -1)	38

Grievance category	Number of grievances lodged	%
Total	16	100

As of the end of 2011, 14 grievances were addressed. Of them 10 grievances (or 71%) were resolved within the time period stipulated in community grievance procedure (less than 45 working days). The other 4 grievances of those addressed required a longer resolution period due to negotiation/communication process with complainant and complexity of investigation of the grievance relevant information.

The status of the remaining two grievances (out of the 16 received) as of the end of 2011:

- 1 grievance: investigation was conducted; it has been found that the issue described in the grievance is not related to Sakhalin-2 Project activities. The closing letter sent to the complainant, explaining the reasons for closure;
- 1 grievance: investigation is ongoing and communication with the complainant is maintained as per the Company's grievance procedure.

8 grievances were resolved with statements of satisfaction signed by complainants. For other 6 grievances all practical measures have been taken by the Company aimed to attain a resolution, however either a complainant did not express his/her opinion regarding the actions taken or grievances were anonymous, therefore they were closed through business integrity committee decision, in accordance with the grievance procedure.

As a regular practice, the Company has kept monitoring and analysing the level of complainants' satisfaction with the grievance resolution and with the process of addressing the grievance.

In addition, all grievances related to the resettlement and SIMDP were reviewed by the RAP and SIMDP independent specialists during RAP and SIMDP third party monitoring. The independent specialists expressed satisfaction with the grievance resolution process that had been implemented.

4.3 Grievance procedure within the frame of Sakhalin indigenous minorities development plan

In 2011 the information on SIMDP grievance procedure has been distributed among relevant stakeholders: IP communities and participants of SIMDP.

In 2011 five grievances were submitted as part of the SIMDP grievance procedure. As of the end of 2011, all those complaints were addressed. Of the grievances submitted, 3 grievances were resolved within the timeframe less than 45 working days. The other 2 grievances of those addressed required a longer resolution period due to negotiation/communication process.

4 grievances were resolved with statements of satisfaction signed by the complainants. For one grievance all practical measures have been taken by the SIMDP grievance team aimed to attain a resolution, however a complainant did not agree with the outcomes. Therefore it was reviewed and closed by the SIMDP Governing Board in accordance with requirements of the SIMDP grievance procedure.

All grievances were reported to the SIMDP Governing Board and SIMDP external monitor.

APPENDIX 1 COMMUNITIES, NGOS AND OTHER STAKEHOLDERS AS OF 2011

Local & RFE	National	Regional	International
<ul style="list-style-type: none"> • Sakhalin Environment Watch • Sakhalin Fishing Associations and co-operatives • Russian Geographical Society • Marine Rescue Centre • Rodnik Environmental Centre • Russian-American Business Training Centre • Sakhalin State University • Institute of Development of Education • AntiAIDS Foundation • Sakhalin Regional Anti-AIDS Centre • Sakhalin Branch of Russian Journalists Association • WWF – RFE • Boomerang • Club Romantic • Sakhalin Salmon Initiative • Sakhalin Regional Centre for Additional Education • Centre of National Culture • Sakhalin Art Museum • Sakhalin Oblast Library 	<ul style="list-style-type: none"> • WWF – Russia • IFAW-Russia • Greenpeace – Russia • IUCN - Russia • EcoJuris • RAIPON • Rodnik • National Forum on Corporate Social Responsibility • Non-commercial partnership “CSR – Russian Centre” • Association of Managers • CSR Centre of PriceWaterHouse Cooper • Donors’ Forum • Sustainable Development Foundation • United Way of Russia 	<ul style="list-style-type: none"> • Consulate General of Japan • Hokkaido Government • Souya General Subprefectural Bureau of Hokkaido Government • Okhotsk General Subprefectural Bureau of Hokkaido Government • Mombetsu City • Rumoi Subprefectural Bureau of Hokkaido Government • Fisheries Agency of Japan • Hokkaido Bureau of Economy, Trade and Industry • Hokkaido Legislative Assembly • Bureau of Tourism, Department of Economic Affairs, Hokkaido Government • Japan Coast Guard – Headquarters (Tokyo) and Regional Headquarters • Hokkaido Fisheries Environmental Center 	<ul style="list-style-type: none"> • WWF International • WWF Switzerland • WWF USA • IFAW • IUCN • Pacific Environment • Wild Salmon Centre • International Bird Rescue Research Centre • Kidsave International • International Bird Rescue Research Centre • FRAEC • UNDP • UN Global Compact • UN LEAD • International Forum of Business Leaders •

Local & RFE	National	Regional	International
<ul style="list-style-type: none"> • Yuzhno-Sakhalinsk City Library • Centre for rehabilitation of disabled children “Preodolenie” • Sakhalin NGO “KidSave” • NGO “Children Ecological Camp “Magnolia” • NGO ‘Healthy Generation” • Sakhalin Community • Association of Indigenous People • Poronaisk Lyceum of Traditional Industries of the People of the North • Veterans Societies • Knowledge is Power (Initiative group) • Korsakov Rotary Club • Yuzhno-Sakhalinsk City Park named after Yuri Gagarin • Sakhalin Oblast Lore Museum • Road traffic inspection (GIBDD) • Foundation of Social Development “Kupol” • Regional council of Sakhalin IP authorised representatives • Tribal enterprises, family farms, communes or other Sakhalin IP communities • Nogliki, Poronaisk, Yuzhno-Sakhalinsk museums 	<ul style="list-style-type: none"> • ASI • RF Far Eastern International Fund “Batani” • Institute of indigenous people of North named after A.I. Gertsen (Saint-Petersburg) 	<ul style="list-style-type: none"> • Hokkaido fisheries cooperative associations (Wakkanai, Sarufutu, Esashi, Abashiri, Kitarumoi, Otarushi, Tokoro, Yuubetsu, Oumu, Ishikariwan, etc.) • Japan Environment Disaster Information Centre • Hokkaido University • Ship & Ocean Foundation • Friends of Earth Japan • IFAW – Japan • WWF Japan • Wildlife Preservation Bureau of Hokkaido • Etopilika • Hokkaido Raptores Research • Wild Bird Society of Japan • Yamashina Institute for Ornithology • Okhotsk Environmental Protection Network 	

Local & RFE	National	Regional	International
<ul style="list-style-type: none"> • NGO “Centre of preservation and development of language heritage of indigenous people of Sakhalin North” • NGO “Centre of preservation and development of traditional culture “KykhKykh” (“Lebed”/”Swan”) 			

APPENDIX 2 COMMUNITY LIAISON ORGANIZATION CONTACT INFORMATION AND BULLETIN BOARD LOCATIONS

DISTRICT	COMMUNITY	POP.	KEY PROJECT ASSET IN/NEAR COMMUNITY	SAKHALIN ENERGY DOCUMENTS/INFORMATION MATERIALS LOCATION	BULLETIN BOARD LOCATION	COMMUNITY LIAISON ORGANIZATION'S CONTACT	DISTRICT NEWS-PAPER
Nogliki	Val	1,450		Nogliki	Nogliki, District library	29 42 08 29 44 08	Znamya Truda
	Venskoye	6		Nogliki	Nogliki, District library		
	Nogliki	11,200		District library Administration	District library (7 Sovetskaya St., Tel. +8 42444 910 57		
	Nysh	710	OPF (apart of 70 km from the community, camp is on construction site)	Nogliki Library	Nogliki, District library		
	Val	1,450		Library, subsidiary No. 6	Val settlement, Shkolnaya str., 23		

DISTRICT	COMMUNITY	POP.	KEY PROJECT ASSET IN/NEAR COMMUNITY	SAKHALIN ENERGY DOCUMENTS/INFORMATION MATERIALS LOCATION	BULLETIN BOARD LOCATION	COMMUNITY LIAISON ORGANIZATION'S CONTACT	DISTRICT NEWS-PAPER
	Nogliki	11,200		District museum	Nogliki, Sovetskaya str., 60		
Tymovsky	Chir-Unvd	285		Molodezhnoe	Molodezhnoe, library	29 42 08 29 44 08	Tymovsky Vestnik
	Voskresenovka	297		Molodezhnoe	Molodezhnoe, library		
	Molodezhnoye	1,033		Library/ Information Centre	Library (14 Sovetskaya St.)		
	Tymovskoye	9,000		District library, Administration	District library (14 Kharitonov St., tel. +8 42447 224 78)		
	Voskhod	696		Tymovskoye/ Kirovskoye	Tymovskoye/Kirovskoye, library		
	Podgornoe	287		Tymovskoye/Kirovskoye	Tymovskoye/Kirovskoye, library		
	Kirovskoye			Library	Library branch office		

DISTRICT	COMMUNITY	POP.	KEY PROJECT ASSET IN/NEAR COMMUNITY	SAKHALIN ENERGY DOCUMENTS/INFORMATION MATERIALS LOCATION	BULLETIN BOARD LOCATION	COMMUNITY LIAISON ORGANIZATION'S CONTACT	DISTRICT NEWS-PAPER
	Yasnoye	1,640		Library	Library branch office (2 Titova Str.)		
	Palevo	114		Yasnoye	Yasnoye, library		
	Chir-Unvd	285		Library – subsidiary No. 12	Chir-Unvd, Sovetskaya str., 6		
Smirnykh	Onor	1,874		Library	Library (7 Transportnaya St.)	29 42 08 29 44 08 29 41 85	Novaya Zhizn
	Roschino	821		Library	Library (11 Parkovaya St.)		
	Pobedino	1,959		Library	Library (52-a Centralnaya St.)		
	Smirnykh	7,600		District library, Administration	District library, (12 Lenin St., tel. +8 42452 223 67)		
	Elniki	126		Smirnykh	Smirnykh, library		
	Buyukly	2,223		Library	Library (28 Lesnaya St.)		
Poronaisk	Leonidovo	2,300		Poronaisk, library	Poronaisk, library	29 42 08 29 44 08 29 41 85	Express Zvezda

DISTRICT	COMMUNITY	POP.	KEY PROJECT ASSET IN/NEAR COMMUNITY	SAKHALIN ENERGY DOCUMENTS/INFORMATION MATERIALS LOCATION	BULLETIN BOARD LOCATION	COMMUNITY LIAISON ORGANIZATION'S CONTACT	DISTRICT NEWS-PAPER
	Poronaisk	20,600		Library Administration	District Library (45 Gagarina St., tel. +8 42431 427 13)		
	Tikhmenevo	1,200		Gastello, library	Gastello, library		
	Gastello	1,300	Booster station	Administration Library	Library (42-2, Centralnaya Str.)		
	Vostok	583		Administration Library	Library (10a, Gagarina Str.)		
Makarov	Novoye	894		Library	Library (11-7, Centralnaya Str.)	29 44 08	Novaya Gazeta
	Gornoye	384		Novoye, library	Novoye, library	29 41 85	
	Tumanovo	32		Novoye, library	Novoye, library		
	Makarov	8,700		District library & Administration	District library (9-a 50 Let Oktyabrya St., tel. +8 42443 533 78)		
	Vostochny	570		Library	Library (8, Privokzalnaya Str.)		
	Pugachevo	107		Vostochny, library	Vostochny, library		
		64					

DISTRICT	COMMUNITY	POP.	KEY PROJECT ASSET IN/NEAR COMMUNITY	SAKHALIN ENERGY DOCUMENTS/INFORMATION MATERIALS LOCATION	BULLETIN BOARD LOCATION	COMMUNITY LIAISON ORGANIZATION'S CONTACT	DISTRICT NEWS-PAPER
Dolinsk	Vzmorye	67		Library	Library (22, Pionerskaya Str.)	29 41 85	Dolinskaya Pravda
	Sovetskoye	791		Library, Administration,	Library (122, Centralnaya Str.)		
	Dolinsk	13,800		District library, Administration	District library (31 Lenin St., tel. +8 42442 252 84)		
	Pokrovka/Oktyabrskoye/Sosnovka/Ruchi			District library	District library		
	Sokol	5,000		Administration Library	Library (26, Sovkhoznyaya Str.)		
Yuzhno Area	Novaya Derevnya/Elochki/Dalnee			Yuzhno Library	Yuzhno office	29 41 85 29 42 08	Sovietsky Sakhalin/Gubernskiye Vedomosti (regional papers available in all other districts)
	Yuzhno	179,200	Head office	City library, City administration (173 Lenin St.)	Yuzhno office		
Aniva	Troitskoye	3,576		Administration Library	Library (10, Pervomaiskaya Str.)	29 41 85	Utro Rodiny

DISTRICT	COMMUNITY	POP.	KEY PROJECT ASSET IN/NEAR COMMUNITY	SAKHALIN ENERGY DOCUMENTS/INFORMATION MATERIALS LOCATION	BULLETIN BOARD LOCATION	COMMUNITY LIAISON ORGANIZATION'S CONTACT	DISTRICT NEWS-PAPER
	Novo-Troitskoye			Library	Troitskoye, library		
	Aniva	8,600		District library	Troitskoye, library		
	Mitsulevka	211		Library	Troitskoye, library		
Korsakov	Solovyevka	1,395		Administration Library	Korsakov, library	29 41 85	Voskhod
	Ozersky	2000	LNG/OET	-	Korsakov, library		
	Chapayevo	800	LNG/OET	-	Korsakov, library		
	Korsakov	36,500	LNG/OET,	Library, Administration	Library (7 Molodyezhnyi Per.)		
	Prigorodnoye	0	LNG/OET	Korsakov	Korsakov		
Kholmsk	Kholmsk	39,300	Port access	District library, Administration	District library (124 Sovetskaya St., tel. +8 42433 508 62),	29 41 85	Kholmskaya Panorama
Okha	Okha			Central library	Central library, Lenin str, 17	29 42 08	Sakhalinsky neftaynik
	Nekrasovka settlement			Settlement library	Library, Klubnaya str. 4-2	29 42 08	

DISTRICT	COMMUNITY	POP.	KEY PROJECT ASSET IN/NEAR COMMUNITY	SAKHALIN ENERGY DOCUMENTS/INFORMATION MATERIALS LOCATION	BULLETIN BOARD LOCATION	COMMUNITY LIAISON ORGANIZATION'S CONTACT	DISTRICT NEWS-PAPER
Alexandrovsk-Sakhalinsky	Viakhtu			Settlement library	Viakhtu, Pochtovaya str., 4	29 42 08	Krasnoye znamya

APPENDIX 3 LIST OF EXISTING JAPANESE STAKEHOLDERS ON SAKHALIN ENERGY DATABASE AS OF 2011

Japanese stakeholders	Japanese stakeholders
<ul style="list-style-type: none"> • Consulate General of Japan • Hokkaido Government • Souya General Subprefectural Bureau of Hokkaido Government • Okhotsk General Subprefectural Bureau of Hokkaido Government • Rumoi Subprefectural Bureau of Hokkaido Government • Fisheries Agency of Japan • Hokkaido Bureau of Economy , Trade and Industry (METI Branch) • Hokkaido Legislative Assembly • Bureau of Tourism, Department of Economic Affairs, Hokkaido Government • Hokkaido Fisheries Environmental Centre • Hokkaido fisheries cooperative associations (Wakkanai, Sarufutu, Esashi, Abashiri, Kitarumoi, Otarushi, Tokoro, Yubetsu, Oumu, Ishikariwan, etc.) 	<ul style="list-style-type: none"> • Japan Coast Guard – Headquarters (Tokyo) and Regional Headquarters • Japan Environment Disaster Information Centre • Hokkaido University • Ship & Ocean Foundation • Friends of Earth Japan • IFAW – Japan • WWF Japan • Wildlife Preservation Bureau of Hokkaido • Etopilika • Hokkaido Raptors Research • Wild Bird Society of Japan • Yamashina Institute for Ornithology • Okhotsk Environmental Protection Network

APPENDIX 4 LIST OF ABBREVIATIONS

ASI	Agency of social information
CLO	Community liaison officer
CSR	Corporate social responsibility
EA	External affairs
EIA	Environmental impact assessment
ESHIA	Environmental, social and health impact assessment
FRAEC	Foundation for Russian American economic cooperation
GRI	Global reporting initiative
GTT	Gas transfer terminal
HSE	Health, safety, environment
HSESAP	Health, safety, environment and social action plan
IFAW	International fund for animal welfare
IP	Indigenous people
IUCN	International union for conservation of nature
JCG	Japan coast guards
METI	Ministry of economy, trade and industry
NGO	Non-governmental organizations
OEPN	Okhotsk environment protection net
OSR	Oil spill response
PCDP	Public consultation and disclosure plan
PCDR	Public consultation and disclosure report
RAIPON	Russian association of indigenous peoples of the north
RAP	Resettlement action plan
RF	Russian Federation
RFE	Russian Far East
RSP	Russian union of industrialists and entrepreneurs
SD	Sustainable development
SI	Social investments
SIMDP	Sakhalin indigenous minorities development plan
SPZ	Sanitary protection zone
UN	United nations
UNDP	United nations development programme
WGW	Western grey whales
WGWAP	Western grey whales advisory panel
WWF	World wildlife fund