



**Sakhalin Energy Investment Company Ltd.
Public consultation and disclosure report, 2016**

CONTENTS

1	INTRODUCTION	3
2	CONSULTATION AND INFORMATION DISCLOSURE	4
2.1	CONSULTATIONS CARRIED OUT IN 2016, GENERAL INFORMATION	4
2.2	STAKEHOLDER ENGAGEMENT WITHIN FRAMEWORK OF SUSTAINABLE DEVELOPMENT REPORT PREPARATION.....	7
2.3	CONSULTATION AND INFORMATION DISCLOSURE IN PROJECT AFFECTED COMMUNITIES	8
2.3.1	<i>Consultations and information disclosure with residents in the vicinity of Prigorodnoye complex accommodation facilities</i>	8
2.3.2	<i>CLO activities in communities</i>	8
2.3.3	<i>Consultations and information disclosure with dacha owners at Prigorodnoye</i>	9
2.3.4	<i>Other methods of communication with affected communities</i>	10
2.3.5	<i>Community awareness programme</i>	11
2.3.6	<i>Public opinion survey</i>	11
2.4	INDIGENOUS STAKEHOLDERS.....	11
2.5	CONSULTATIONS AND DISCLOSURE IN OTHER SAKHALIN COMMUNITIES	12
2.6	ENGAGEMENT WITH COMMUNITY AND OTHER NON-GOVERNMENTAL ORGANISATIONS	12
2.7	JAPANESE STAKEHOLDER ENGAGEMENT	13
2.7.1	<i>Introduction</i>	13
2.7.2	<i>Materials available in Japanese</i>	13
2.7.3	<i>Public consultation activities in Japan</i>	15
2.8	MEDIA AND OTHER INTEREST GROUPS	15
3	FEEDBACK FROM CONSULTATIONS	17
4	COMMUNITY GRIEVANCE PROCEDURE	18
4.1	REPORTING GRIEVANCES	18
4.2	GRIEVANCE ADDRESSING IN 2016	18
4.3	GRIEVANCE PROCEDURE WITHIN THE FRAME OF SAKHALIN INDIGENOUS MINORITIES DEVELOPMENT PLAN	19
	APPENDIX 1 COMMUNITIES, NGOS AND OTHER STAKEHOLDERS	20
	APPENDIX 2 LOCATIONS OF INFORMATION CENTRES AND CONTACT DETAILS OF THE COMPANY REPRESENTATIVES	23
	APPENDIX 3 CONTACT INFORMATION FOR DISTRIBUTION OF SIMDP INFORMATION MATERIALS	29
	APPENDIX 4 LIST OF EXISTING JAPANESE STAKEHOLDERS ON SAKHALIN ENERGY DATABASE	31
	APPENDIX 5 LIST OF ABBREVIATIONS	32

1 INTRODUCTION

Sakhalin Energy Investment Company Ltd. (Sakhalin Energy) considers regular and meaningful engagement with the public and key stakeholders, as well as 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 very beginning Sakhalin Energy 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 2016, and includes:

- Summary of consultation held in 2016.
- Summary of consultation held with different stakeholder categories.
- Summary of feedback from consultation.
- Information of community grievance procedure implementation.

There are five appendices to this document:

- Appendix 1 provides a summary of non-governmental and community organisations which have been involved to date.
- Appendix 2 provides information on locations of information centres and contact details of the company representatives.
- Appendix 3 provides contact information for distribution of SIMDP information materials.
- Appendix 4 list the existing stakeholders in Japan, in particular, on the island of Hokkaido.
- Appendix 5 list used abbreviations.

Sakhalin Energy will update this report on an annual basis.

2 CONSULTATION AND INFORMATION DISCLOSURE

2.1 Consultations carried out in 2016, general information

The types of consultation Sakhalin Energy has carried out in 2016 are presented in the Table 1 below.

Table 1: Types of consultation carried out in 2016

TYPE	EXAMPLES
Public consultations	<ul style="list-style-type: none"> Public meetings in town halls, culture centres, libraries in the communities that are in vicinity of the project's operating assets Dialogues with stakeholders within frame of sustainable development report preparation
Group meetings	<ul style="list-style-type: none"> Focus group meetings with indigenous people Seminars, information sessions (e.g., with potential grant applicants)
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) Public opinion survey in form of an interview Others

Table 2: Sakhalin community consultations in 2016

DATE	CONSULTATIONS	KEY PURPOSE	NUMBER OF MEETINGS	NUMBER OF PEOPLE
February	The second round of a dialogue with stakeholders under sustainable development report preparation, meeting in Yuzhno-Sakhalinsk	2015 sustainable development report preparation*	1	25
March	Consultations under SIMDP 3 in the traditional areas of indigenous residence: Poronaik,	Information on SIMDP 3 in general, start of formation of SIMDP 3 coordinating bodies, SIMDP grievance	16	257

*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
	Smirnykh, Aleksandrovs-Sakhalinsky, Viakhtu, Trambaus, Tymovsk, Chir-Unvd, Okha, Nekrasovka, Val, Nogliki and Yuzhno-Sakhalinsk	procedure, SIMDP programmes for 2016. Individual consultations and consultations on development of applications for grant programmes		
April-June	Community public meetings in Nogliki, Val, Nysh, Nekrasovka, Chir-Unvd, Tymovskoe Smirnykh, Poronaisk, Makarov, Dolinsk, Troitskoe, Korsakov	Overview of the information on Sakhalin-2 project and the company's activity, social initiatives, sustainable development and social investments projects, grievance procedure and community awareness programme	12	67
August	Public opinion survey in 14 Sakhalin communities, which are located in the vicinity of project activities. Method of the survey - individual interviews with a questionnaire	Survey of public attitude towards the project activities under social impact monitoring programme	14	700
October	The first round of a dialogue with stakeholders under sustainable development report preparation, meeting in Yuzhno-Sakhalinsk	2016 sustainable development report preparation	1	25
November	Individual meetings in the traditional areas of indigenous residence:	Internal monitoring of SIMDP 3 projects and individual consultations	42	49

DATE	CONSULTATIONS	KEY PURPOSE	NUMBER OF MEETINGS	NUMBER OF PEOPLE
	Poronaisk, Smirnykh, Aleksandrovsk-Sakhalinsky, Viakhtu, Trambaus, Chir-Unvd, Okha, Nekrasovka, Val, Nogliki, Yuzhno-Sakhalinsk			
November	Bus tours around Prigorodnoye production complex in Korsakov district for Korsakov community ¹	Update on Sakhalin-2 project progress and Prigorodnoye complex in particular, information about social development and social investment programmes in Korsakov district	1	36
November-December	Individual meetings with participants, beneficiaries, members of the coordinating bodies and other stakeholders under SIMDP 3 external monitoring (Poronaisk, Smirnykh, Aleksandrovsk-Sakhalinsky, Viakhtu, Trambaus, Chir-Unvd, Okha, Nekrasovka, Val, Nogliki, Yuzhno-Sakhalinsk)	SIMDP 3 external monitoring	51	61
December	Community consultations under Korsakov Partnership programme in	Consultations on activity of the Korsakov SD Partnership Council and Korsakov	10	70

¹ Announcements of the bus tours were published in the local newspaper "Voskhod".

DATE	CONSULTATIONS	KEY PURPOSE	NUMBER OF MEETINGS	NUMBER OF PEOPLE
	Korsakov communities: Korsakov, Novikovo, Chapaevo, Solovyovka, Ozerskoye, Razdolnoye, Lesnoye, Okhotskoye, 3 rd Pad'	Partnership social projects		
Total				1290

2.2 Stakeholder engagement within framework of sustainable development report preparation

In 2009 Sakhalin Energy decided to follow the public non-financial reporting standard of the Global Reporting Initiative (GRI) (www.globalreporting.org).

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's 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 dialogue twice a year. During the first round of a dialogue the company presents preliminary information on the 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 the dialogue the company responds to the stakeholders' comments and questions received during the first round of the 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 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 as well as open invitations via regional newspapers and internet resources (www.sakh.com - the popular Sakhalin internet media). In addition, the company invites stakeholders to contribute to sustainable development reporting through a questionnaire (appended to each sustainable development report).

In 2016 the company conducted two rounds of the dialogue:

- February 2016 – the second round of the dialogue under 2015 sustainable development report preparation, where the company answered questions and

comments received during the first round of the dialogue. Summary of dialogues within the framework of 2015 sustainable development report is included into the report (see the report on the company's website: <http://www.sakhalinenergy.ru/en/media-centre/reports.wbp>).

- October 2016 – the first round of the dialogue under 2016 sustainable development report preparation, where the company presented to stakeholders information on the company's activities and achievements for the reporting period.

Also in November–December 2016 under the preparation of the report for 2016, detailed consultations were conducted with all key groups of stakeholders, including shareholders, customers, government authorities, lenders, company staff, contractors, NGOs, community, etc. The main methods of engagement were survey (including forms distribution via e-mail to stakeholders, survey under annual public meetings, staff survey) focus groups and face to face meetings.

In April 2016 the company conducted a public presentation of 2015 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 2015 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 “contain important information, 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 in the Sustainable Development Report (Appendixes 7 and 8).

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; respect local traditions and cultural norms in discussions and decision-making; and that face-to-face meetings arranged are varied and create conditions that encourage wide and diverse participation.

In 2016 Sakhalin Energy conducted public meetings in 12 communities. Please refer to the Table 2 for more details.

The information on date, time and venue for the public meetings were announced in key Sakhalin newspapers (as listed in the Table 3) three weeks prior to the public meeting. The timetable of the meetings was available on the company's website.

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

In 2016 the company specialists held two meetings with Korsakov residents (in July) 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.

2.3.2 CLO activities in communities

As a result of the 2014 restructuring, the community liaison organisation was re-configured into a community liaison structure.

Key role in the community liaison structure is played by two teams within the government and shareholder relations and external affairs: social performance and communications, stakeholder engagement and event management.

The community liaison structure also includes:

- Sakhalin Indigenous Minorities engagement specialist.
- Korsakov Community Liaison Officer (was hired in 2016).
- 23 information centres based in the local village and district libraries.

Specialists of the above teams provide community liaison services in compliance with their job descriptions.

As in previous years, an efficient means of engagement with the Sakhalin population was a network of 23 information centres based on district and rural libraries and located in settlements along the pipeline route and in the vicinity of other company's facilities. The information about the company information centres was published in key Sakhalin newspapers (the list of newspapers is provided in the Table 3), posted on the company's information boards and on the company's website. Thanks to the information centres Sakhalin Energy established an effective system of receiving feedback from communities residing in close vicinity to Sakhalin Energy assets. On the regular basis Sakhalin Energy provided information materials to affected communities via company's information centres, including the following types of materials: corporate news-bulletin "Vesti", annual PCDP and PCDR, sustainable development report, grievance procedure leaflets, posters with information on social programmes, etc.

Community residents had an opportunity to contact the company's information centre consultants any time during the regular library business hours at their convenience. The list of company's information centres is maintained on Sakhalin Energy website.

In December 2016, information centre consultants participated in a regular training workshop to gain better knowledge of the company's activity. The workshop programme included the following key topics:

- Overview of the Sakhalin-2 project.
- Community grievance procedure.
- Sakhalin Energy's public non-financial reporting: sustainable development report.
- Information centres: results of activity and work plans for 2017.
- Biodiversity and environmental monitoring.
- OPF compression station project update and key result of the project ESHIA.
- Book donation project.
- Computer skills training.

2987 people visited Sakhalin Energy's information centres in 2016. The focus of the public interest was on general information on the Sakhalin-2 project, corporate news-bulletin "Vesti" and company's social programmes.

2.3.3 Consultations and information disclosure with dacha owners at Prigorodnoye

Throughout 2016 Sakhalin Energy continued engagement with dacha community and responded to 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 2016 included the following:

- Meetings with dacha owners in February (two persons) and April (three persons). They raised questions on compensations, their resettlement, change of SPZ size due to perspectives of the LNG train 3 construction.
- Air and noise monitoring during the dacha season. As a rule, the dacha owners were invited to participate in all these monitoring sessions.
- Invitations to company dialogues with stakeholders under the preparation of the sustainable development report. The dacha owners declined to participate in dialogues in 2016.
- Reminder letter on weekly alarm system testing at the Prigorodnoye production complex.
- Meeting under the visit of Environmental Resources Management (ERM) consultants, Train 3 ESHIA contractor (four dacha owners).
- Notification of the planned maintenance works with gas flaring at the Prigorodnoye production complex.
- Ad hoc phone engagement.

2.3.4 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 the company's public website: www.sakhalinenergy.ru (Russian) and www.sakhalinenergy.com (English).

In electronic version:

- "Energy" corporate TV programme;
- corporate internet site.

In hard copies the following material was distributed:

- "Vesti" corporate news- bulletin;
- sustainable development report;
- lenders and lenders' independent consultant HSESAP implementation reports;
- grievance procedure leaflets;
- annual PCDP and PCDR.

In 2016 Sakhalin Energy continued to operate special free hotlines:

- For telephone queries and complaints from communities within Sakhalin Island – numbers are 8 800 200 6624 (toll free) and +7 4242 66 2400 (toll). Available for Russian and English speakers, as well as under the caller's request, he/she can be provided with the opportunity to talk to either male or female operators.

- Telephone +7 4242 66 2866 (for Japanese stakeholders, in English; an interpreter to/from Japanese can be arranged upon request).
- Safety issues - number is +7 4242 66 2500 (dial from Sakhalin Island).

2.3.5 Community awareness programme

In 2016 Sakhalin Energy continued the information campaign as part of the community awareness programme.

The campaign involved publication of articles in district newspapers on a quarterly basis (the list of the newspapers is provided in the Table 3). Also this information was included in the presentation provided during public meetings in district centres of key project-affected communities in 2016 (details on the meetings are provided in the Table 2).

2.3.6 Public opinion survey

The annual public opinion survey is one of the monitoring tools to ascertain public attitude towards the project. In 2016 the survey was conducted in 14 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 or impacts were identified as a result of the 2016 survey.

2.4 Indigenous stakeholders

In 2016 the company continued its regular engagement with representatives of Sakhalin indigenous communities in the areas of traditional indigenous residence and traditional economic activities. 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 2016:

- Public meetings were held with Sakhalin indigenous people (publicly, in groups and individually).
- Sakhalin indigenous minorities development plan's website was extensively used (www.simdp.ru).
- Regular information bulletin and other plan-related printed materials (leaflets, etc.) were issued and distributed among the stakeholders community.
- Updated and distributed documentations on the information boards, sent documents to the stakeholders (members of Regulatory Bodies of the plan, non-governmental organisations, tribal communities and municipal authorities, IP specialists of administrations) in 13 communities: Okha, Nekrasovka, Val, Nogliki, Tymovskoye, Chir-Unvd, Aleksandrovsk-Sakhalinsky, Viakhtu, Trambaus, Smirnykh, Buyukly, Poronaisk, Yuzhno-Sakhalinsk.
- Individual consultation regarding applications for financial support, participation in programmes and projects implementation under the SIMDP.
- Conducted CLO open hours in traditional areas of indigenous residence.
- Issued press-release, published articles, media coverage of events concerning Sakhalin IP.

In March 2016 representatives of the Regional Council of IP authorised representatives, Sakhalin Energy and Sakhalin Oblast Government had public meetings and meetings with representatives of IP, municipal authorities, NGOs and IP community in 12 settlements of traditional indigenous residence and economic

activities (16 meetings). The meetings were held in the form of a dialogue with the primary purpose to launch SIMDP 3 (2016-2020). In particular the participants were informed about SIMDP 3 in general, implementation for 2017, start of formation of SIMDP 3 coordinating bodies, grievance procedure related to the plan, programmes of SIMDP 3, announcement of a grant contests under traditional economic activities support programme, and social development fund update and events for 2017. Then there were discussions of the above topics and other issues related to implementation and management of the plan at large and some of its programmes. A total of 257 people joined the discussion.

The external monitoring of SIMDP 3 implementation was held in 2016. The assessment was conducted by Gregory Guldin. The assessment was held in the areas of traditional indigenous residence under the final assessment of SIMDP 3 implementation and consult with all stakeholders. The external monitoring report is available on the SIMDP website (www.simpd.ru).

In November, representatives of plan partners conducted internal monitoring of projects and individual consultations in all settlements of traditional residence and economic activities of indigenous people.

2.5 Consultations and disclosure in other Sakhalin communities

In 2016 Sakhalin Energy conducted consultations in nine Sakhalin Island's district centres and other settlements.

Sakhalin residents could consult the two main Sakhalin Island newspapers (Gubernskiye Vedomosti and Sovetsky Sakhalin) as well as leading electronic information agencies (IA "Sakh.com", TIA "Ostrova", RIA "Sakhalin-Kurilly", IA "Citysakh", IA "SakhalinMedia") for details of project news. 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	Znanya Truda
Tymovsk	Tymovsky Vestnik
Poronaysk	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 2016 the company continued its regular engagement with community and

non-governmental organisations as follows:

- Meetings with Sakhalin based NGOs under sustainable development report preparation (twice a year).
- Cooperation with the Western Gray Whale Advisory Panel (during the year).
- Cooperation with social oriented NGOs and social institutions within the framework of Social Development/Social Investment company's programmes. Meetings were held routinely under SD/SI projects and programmes. In addition, information sessions on grant programme and grant writing trainings (14) were held in nine Sakhalin districts centres for 388 representatives of local NGOs and institutions.

Table 4 reflects the number of meetings held with organisations that have been consulted with, either as groups or separately in 2016.

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

Location	No.
Local (includes formal Indigenous organisations)	78
Regional	30
National	25
Japan	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 meetings in 2016.

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 are available in Japanese:

- 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 Gray Whale,
- comparative environmental assessment report of the Western Gray Whale;
- the corporate oil spill response plan for Sakhalin-2 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;
 - IEC site visit report September 2012;
 - IEC site visit report September 2013;
 - IEC site visit report October 2014;
 - IEC site visit report October 2015.
- 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 biodiversity²;
 - oil spill preparedness and response;
 - Steller's Sea Eagles and endangered red birds;
 - marine mammals specification;
 - dredging.
- Health, Safety, Environment and Social Action Plan (HSESAP), revision 4, 2015;
 - Section of the PCDDP related to engagement with Japanese stakeholders.

2.7.3 Public consultation activities in Japan

During 2016 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 2016:

- 21 February – participation in the International Symposium on Okhotsk Sea and Sea Ice in Mombetsu.
- 22 February – Oil spill workshop in Mombetsu under the International Symposium.
- 23 February – meeting with representatives of Hokkaido Government and Hokkaido Fishery Environmental Centre in Sapporo.
- 21 April – visit of Hokkaido Government and Hokkaido Fisheries Environmental Centre to Sakhalin Energy.
- 25 August – meeting with representatives of Japan Coast Guard in Wakkanai.

During the above mentioned meetings the company representatives informed on the Sakhalin-2 project implementation status, OSR preparedness. The Sakhalin Energy specialists from Government, Stakeholders and Corporate Affairs Division participated in the meetings.

A review of the engagement activities in Japan has been undertaken internally at the end of Q4 2016 to determine the 2017 programme.

2.8 Media and other interest groups

Sakhalin Energy's Government, Stakeholders and Corporate Affairs Division communicated regularly with representatives of the mass media as well as other interest groups such as educational and research institutions.

In 2016 representatives of Communication, Stakeholder Engagement and Event Management Subdivision conducted eleven media briefings.

Media were invited to participate in media briefings or other meetings by telephone, and email.

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.

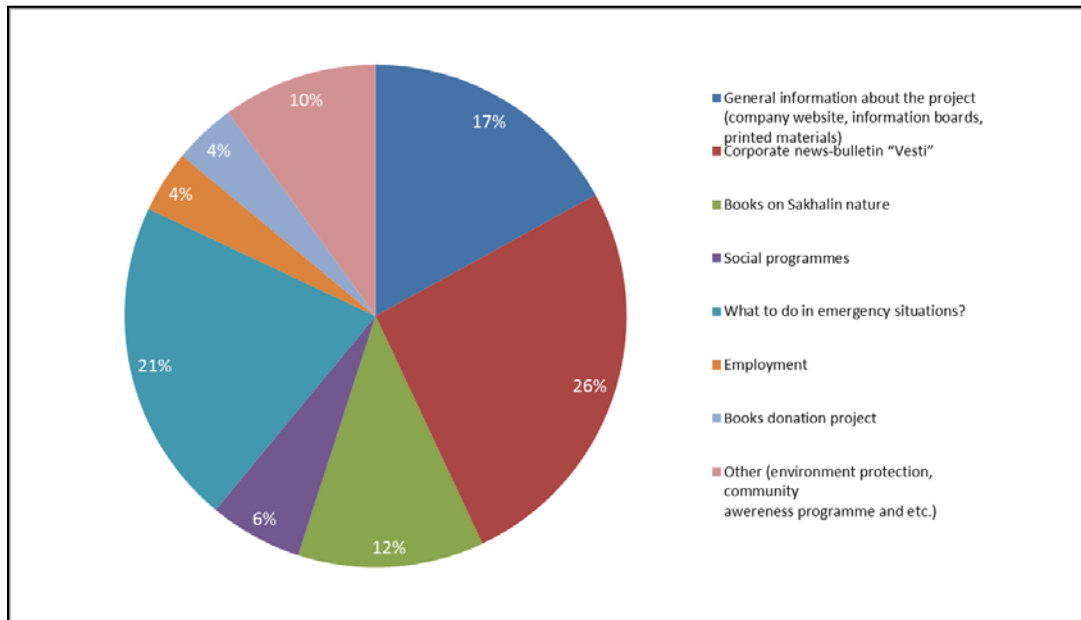
Table 5: Mass-media activities

Format	Frequency	Language
Media briefings for Sakhalin journalists	11	Russian
“Energy” corporate TV programme	34 (twice a month)	Russian
Publication of project related information in the district newspapers (please see the Table 3 for the list of newspapers)	12	Russian
Sakhalin Energy web-site	Regularly	Russian/English
“Vesti” corporate news-bulletin	Monthly	Russian/English

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 through the Sakhalin Energy information centres are shown on the diagram below (a total number was 2987 in 2016). Majority of people expressed their interest in the company's information materials including the company's website and corporate news-bulletin "Vesti" as well as company's social programmes.



Questions raised during the public meetings held in 2016 are summarised here: http://www.sakhalinenergy.ru/ru/social_responsibility/pr.wbp.

In addition, the summaries of stakeholders' dialogues within 2015 sustainable development report preparation were included into the report, Appendix 2 (see the report on the company's website: http://www.sakhalinenergy.ru/media/user/otchet/SE_YR_Eng_site_2015.pdf).

4 COMMUNITY GRIEVANCE PROCEDURE

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 was revised at the end of 2016 to include the up-to-date contact details, changes in the grievance leaflet. The leaflet is planned to be issued in 2017.

In 2016 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:

- Distribution of leaflets in all project affected communities and among the contractors/subcontractors employees (for example, offices at facilities, camps, etc.).
- Distribution of pocket calendars with information about the community grievance procedure in project affected communities.
- Districts newspaper announcements.
- The placement of posters.
- A dedicated slide in every community presentation.
- Trainings for contractors to introduce community grievance procedure.

The grievance leaflet is also disseminated in Japan as part of the PCDP available in Japanese.

4.2 Grievance addressing in 2016

In 2016 the company received 22 grievances. Among grievances received in 2016, 36% were raised in connection with the project related impact on communities (e.g. concerns related to road conditions, impact on local infrastructure/communities); 14% - labour relations/labour safety (contractor organisations); 27% - other issues (code of conduct, contract management, camp management, information disclosure), 23% - SIMDP implementation. For more information see the Table 6 below:

Table 6: Grievances lodged in 2016

Grievance category	Number of grievances lodged	%
Community impact	8	36
Labour relations/ labour safety	3	14
Other issues (code of conduct, contract management, camp management, information disclosure)	6	27
SIMDP implementation	5	23
Total	22	100

As of end of 2016, 19 grievances were addressed and 16 of them were resolved. Besides, the company resolved three grievances that had been received at the end of 2015. All grievances were resolved within the time period stipulated in grievance procedure (less than 45 working days).

Three grievances were remained unresolved as per the end of 2016. As per March 10, 2017 the status is following: two grievances were closed in 2017 by decision of BIC (since no feedback was provided by the complainants during the time stipulated by the grievance procedure). One grievance – feedback from the complainant is pending (the status of resolution of this grievance will be reported in the PCDR 2017).

16 grievances were resolved with statements of satisfaction signed by complainants. For other 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 (one grievances) or a complainant did not agree with the company's explanations (two grievances). These grievances 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.

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

In 2016 partners of the plan continued to inform community about SIMDP grievance procedure (under the public meetings, during an individual consultations, etc.). Besides, the information on grievance procedure is available in all communities of traditional indigenous residence and IP traditional economic activities (information materials about the grievance procedure were placed on the information boards and also available in non-governmental organisations, libraries, local administrations).

In 2016 five grievances were submitted as part of the SIMDP grievance procedure. As of end of 2016 all five grievances were resolved. They were resolved within the time period stipulated in grievance procedure and complainant signed the statement of satisfaction.

These grievances were reviewed by members of the SIMDP grievance team according to the SIMDP grievance procedure. The status and results of these grievances resolving were controlled by the SIMDP Governing Board and the SIMDP external monitor.

APPENDIX 1 COMMUNITIES, NGOS AND OTHER STAKEHOLDERS

Local and 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 • Sakhalin State University • Institute of Education Development of Sakhalin Region • Sakhalin Branch of Russian Union of Journalists • Club Boomerang • Sakhalin Regional Centre for Additional Education • Centre of National Culture • Sakhalin Regional Art Museum • Sakhalin Oblast Library • Yuzhno-Sakhalinsk City Library • Centre for rehabilitation of disabled children "Preodolenie" • Sakhalin Community • Association of Indigenous People • Veterans Societies 	<ul style="list-style-type: none"> • WWF – Russia • IFAW-Russia • Greenpeace – Russia • IUCN • EcoJuris • Association of indigenous minorities people of the North, Siberia and the Far East • National Forum on Corporate Social Responsibility • Non-commercial partnership "CSR – Russian Centre" • Association of Managers • CSR Centre of PriceWaterHouse Cooper • Association of Grant making organisations "Donors' Forum" 	<ul style="list-style-type: none"> • Consulate General of Japan • Hokkaido Government • Mombetsu City • Rumoi Subprefectural Bureau of Hokkaido Government • Fisheries Agency of Japan • Hokkaido Bureau of Economy, Trade and Industry • Hokkaido Legislative Assembly • Japan Coast Guard – Headquarters (Tokyo) and Regional Headquarters • Hokkaido Fisheries Environmental Centre • Hokkaido fisheries cooperative associations (Wakkanai, Sarufutu, Esashi, Abashiri, Kitarumoi, Otarushi, Tokoro, Yuubetsu, Oumu, Ishikariwan, etc.) • Japan Environment Disaster Information Centre 	<ul style="list-style-type: none"> • WWF International • Pacific Environment • Wild Salmon Centre • International Bird Rescue Research Centre • Kidsave International • International Bird Rescue Research Centre • UNDP • UN Global Compact • UN LEAD

Local and RFE	National	Regional	International
<ul style="list-style-type: none"> • Knowledge is Power (Initiative group) • Korsakov Rotary Club • Sakhalin Regional Museum • Museum of Chekhov' book "Sakhalin Island" • Sakhalin Puppet Theatre • Sakhalin NGO "Frantirer" • Sakhalin sport associations and federations • Local schools and kindergartens in Sakhalin communities • Sakhalin Regional Tourism NGO "Adrenalin" • Sakhalin regional and municipal disabled societies • Sakhalin Regional NGO "Motherland" • Regional council of Sakhalin IP authorised representatives • Tribal enterprises, family farms, communes or other Sakhalin IP communities • Municipal museums and libraries in Nogliki, Okha, Tymovsk, Poronaisk, Makarov, Alexandrovsk-Sakhalinsk, Korsakov, Kholmsk, Aniva Smirnykh districts • NGO "Centre of preservation and development of traditional culture "KykKhKykh" ("Swan")" • Khabarovsk IP Association • Information centre "Latch" (Petropavlovsk- 	<ul style="list-style-type: none"> • Sustainable Development Foundation • Centre of Social Technologies "Garant" • Centre for Support of Public Initiatives • State Russian Museum • ASI • RF Far Eastern International Fund "Batani" • Union of IP communities of the North, Siberia and the Far East • Institute of indigenous people of North named after A.I. Gertsen (Saint-Petersburg) • Federal State Institution of Science of the Order of Friendship of Peoples Ethnology and Anthropology Institute named NN Miklukho-Maclay 	<ul style="list-style-type: none"> • Hokkaido University • 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 • Regional Social Movement (RSM) "Union of Indigenous Peoples of Sakhalin" • Sakhalin regional public organisation "Youth Council of Indigenous Peoples of the North" 	

Local and RFE	National	Regional	International
Kamchatskiy) <ul style="list-style-type: none"> • Local non-government Okha IP organisation • Local non-government Poronaisk IP organisation • Ethnic and cultural centre "People Ykh myth" • Non-government organisation "Association of Sakhalin museums" • Municipal administrations in the areas of traditional residence of Sakhalin indigenous peoples • Sakhalin regional centre of folk art 			

APPENDIX 2 LOCATIONS OF INFORMATION CENTRES AND CONTACT DETAILS OF THE COMPANY REPRESENTATIVES

DISTRICT	COMMUNITY	KEY PROJECT ASSET IN / NEAR COMMUNITY	SAKHALIN ENERGY DOCUMENTS/ INFORMATION MATERIALS LOCATION	COMMUNITY LIAISON ORGANISATION'S CONTACT	DISTRICT NEWSPAPER
Nogliki	Val	Gas transfer terminal Boatasino, pipeline	Nogliki, 5a Pogranichnaya St., district library, Tel. +7 42444 91057	294208	Znamya Truda
	Venskoye	Pipeline			
	Nogliki	Pipeline, pipeline maintenance depot (PMD)			
	Nysh	OPF (apart of 70 km from the community)			
Tymovsky	Voskresenovka	Pipeline	Tymovskoye, district library, 68a Kirovskaya St., Tel. +7 42447 22478	294208	Tymovsky Vestnik

	Molodezhnoye	Pipeline	Molodezhnoye, library, 14 Sovetskaya St.		
	Tymovskoye	Pipeline	Tymovskoye, district library, 68a Kirovskaya St., Tel. +7 42447 22478		
	Voskhod	Pipeline	Tymovskoye, district library, 68a Kirovskaya St., Tel. +7 42447 22478		
	Podgornoe	Pipeline	Tymovskoye, district library, 68a Kirovskaya St., Tel. +7 42447 22478		
	Kirovskoye	Pipeline	Kirovskoye, library 70 Centralnaya St.		
	Yasnoye	Pipeline, PMD	Yasnoye, library, 2 Titova St.		
	Palevo	Pipeline	Yasnoye, library, 2 Titova St.		
Smirnykh	Onor	Pipeline	Onor, library, 5 Sovetskaya St.	294208	Novaya Zhizn

	Roschino	Pipeline	Roschino, library, 4 Komsomolskaya St.		
	Pobedino	Pipeline	Pobedino, library, 60 Centralnaya St.		
	Smirnykh	Pipeline	Smirnykh, district library, 12 Lenin St., Tel. +7 42452 22367		
	Elniki	Pipeline	Smirnykh, district library, 12 Lenin St., Tel. +7 42452 22367		
	Buyukly	Pipeline	Buyukly, library, 1 Kosmonavtov St.		
Poronaisk	Leonidovo	Pipeline	Poronaisk, district library, 45 Gagarina St., Tel. +7 42431 42713	294208 662461	Express Zvezda
	Poronaisk	Pipeline	Poronaisk, district library, 45 Gagarina St., Tel. +7 42431 42713		
	Tikhmenevo	Pipeline	Gastello, library, 42-2, Centralnaya St.		

	Gastello	Booster station, PMD	Gastello, library, 42-2, Centralnaya St.		
	Vostok	Pipeline	Vostok, library, 10a, Gagarina St.		
Makarov	Novoye	Pipeline	Novoye, library, 11-7, Centralnaya St.	662461	Novaya Gazeta
	Gornoye	Pipeline	Novoye, library, 11-7, Centralnaya St.		
	Tumanovo	Pipeline	Novoye, library, 11-7, Centralnaya St.		
	Makarov	Pipeline	Makarov, district library, 9-a 50 Let Oktyabrya St., Tel. +7 42443 53378		
	Vostochny	Pipeline	Vostochny, library, 8, Privokzalnaya St.		
	Pugachevo	Pipeline	Vostochny, library, 8, Privokzalnaya St.		

Dolinsk	Vzmorye	Pipeline	Vzmorye, library, 22, Pionerskaya St.	662461	Dolinskaya Pravda
	Sovetskoye	Pipeline	Sovetskoye, library, 122, Centralnaya St.		
	Dolinsk	Pipeline	Dolinsk, district library, 31 Lenin St., Tel. +7 42442 25284		
	Pokrovka/ Oktyabrskoye/ Sosnovka/ Ruchyi	Pipeline	Dolinsk, district library, 31 Lenin St., Tel. +7 42442 25284		
	Sokol	Pipeline	Sokol, library, 14, Shirokaya St.		
Aniva	Troitskoye	Pipeline	Troitskoye, library, 13, Sovetskaya St.	662461	Utro Rodiny
	Novo- Troitskoye	Pipeline	Troitskoye, library, 13, Sovetskaya St.		
	Mitsulevka	Pipeline	Troitskoye, library, 13, Sovetskaya St.		
Korsakov	Solovyevka	LNG/OET	Korsakov, city youth library, 7 Molodyezhnyi Per.	662461	Voskhod
	Ozersky	LNG/OET	Korsakov, city youth library, 7 Molodyezhnyi Per.		

	Chapaevo	LNG/OET	Korsakov, city youth library, 7 Molodyezhnyi Per.		
	Korsakov	LNG/OET	Korsakov, city youth library, 7 Molodyezhnyi Per.		
Kholmsk	Kholmsk	Port	Kholmsk, district library, 124 Sovetskaya St., Tel. +7 42433 50862	662461	Kholmskaya Panorama

APPENDIX 3 CONTACT INFORMATION FOR DISTRIBUTION OF SIMDP INFORMATION MATERIALS

DISTRICT	COMMUNITY	SIMDP DOCUMENTATION AND INFORMATION MATERIALS	BULLETIN BOARD LOCATION	CONTACT OF COMMUNITY LIASION OFFICER IP GROUP/ SIMDP COORDINATOR
Okha	Okha	Library, Administration, Local non-government organisation of IP of Okha district	Library, 17 Lenina St	294208 662009
	Nekrasovka	Library, Okha local non-government organisation "Centre on saving and development of the traditional IP culture "Kykhykh" ("Swan"), Regional social movement "Union of Sakhalin IP"	Library, 4 Klubnaya St, ap. 2	
Nogliki	Nogliki	Nogliki municipal regional museum, Administration, regional library	Nogliki municipal regional museum, 60 Sovetskaya St.	294208 662009
	Val	Library, Administration	Library, 23 Shkolnaya St.	
Tymovsk	Tymovskoye	Regional library, Administration	Regional library, 68a Kirovskaya St.	294208 662009
	Chir-Unvd	Library, Administration	Library, 6 Sovetskaya St.	
Aleksandrovsk-Sakhalinsky	Aleksandrovsk-Sakhalinsky	Administration		294208 662009
	Viakhtu	Library, Administration, school	Library, 4 Pochtovaya St	
	Trambaus	Library	2 Morskaya St.	

DISTRICT	COMMUNITY	SIMDP DOCUMENTATION AND INFORMATION MATERIALS	BULLETIN BOARD LOCATION	CONTACT OF COMMUNITY LIASION OFFICER IP GROUP/ SIMDP COORDINATOR
Smirnykh	Smirnykh	Regional library, Administration	Regional library, 12 Lenina St.	294208
	Buyukly	Library	1 Kosmonavtov St.	662009
Poronaisk	Poronaisk	Regional libraries, Administration, Local non-government organisation of IP of Poronaisk district	Regional libraries, 45 Gagarina St.	294208 662009
Yuzhno-Sakhalinsk	Yuzhno-Sakhalinsk	Administration, IP administration of Sakhalin Government		294208 662009

APPENDIX 4 LIST OF EXISTING JAPANESE STAKEHOLDERS ON SAKHALIN ENERGY DATABASE

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 • 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 • 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 5 LIST OF ABBREVIATIONS

ASI	Agency of social information
CLO	Community liaison officer
CSR	Corporate social responsibility
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 organisations
OEPN	Okhotsk environment protection net
OSR	Oil spill response
PCDP	Public consultation and disclosure plan
PCDR	Public consultation and disclosure report
RAIPON	Association of indigenous peoples of the North, Siberia and the Far East of RF
RAP	Resettlement action plan
RF	Russian Federation
RFE	Russian Far East
RSPF	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 gray whales
WGWAP	Western gray whales advisory panel
WWF	World wildlife fund