

Environmental, Social and Health Impact Assessment

Public Meetings Report

Sakhalin Island, 2 October – 27 November 2003

One of the Company's key responsibilities is to conduct its business as a responsible corporate member of the society in which it operates. This principle lies at the heart of Sakhalin Energy's approach to public consultation.

Objectives

In line with the shareholders' standards and World Bank/IFC guidelines the Company has completed an international-style Environmental, Social and Health Impact Assessment (ESHIA) in order to address aspects of impact assessment that are not fully covered by the TEOC EIAs as they are not strictly required under Russian legislation. In line with these requirements the Company has conducted public consultations.

Aim of Public Meetings

- Provide effective mechanisms for open consultation and feedback on previously identified issues and the Company's proposed mitigation and management measures;
- Create conditions where emerging issues of concern to the community and other stakeholders are brought to the Company's attention in a timely manner, and are appropriately addressed if possible;
- Meet the Company's own standards.

Stakeholders for Public Meetings

- Directly affected communities¹;
- Other communities on Sakhalin Island and
- Governmental authorities (regional and district);
- Community organisations;
- Non-governmental organisations (local, regional);
- Media (local, regional, national, international);
- Sakhalin Energy employees and contractors;

Process

Consultation efforts on the ESHIA occurred in three phases from the release date of the ESHIA:

¹ Affected community is defined for the purpose of ESHIA consultation to be limited to communities where a camp or laydown yard is located, those that have not previously been visited but due to changes in location of camp, laydown or pipeline route need to be or where the Company has new or different information that may be material to that community.

- 1) Awareness raising (30 days prior to consultation beginning and continuing for the entire consultation period);
- 2) Consultation on the ESHIA (until complete);
- 3) Release by the Company of a document containing comments made during the consultation process.

Awareness Raising

The objectives of the awareness-raising phase were to continue to:

- Further raise the profile and general understanding of the Phase 2 Project in the community and among other interested parties;
- Further raise awareness and understanding of the impact assessment process, including the ability to comment on the ESHIA;
- Encourage participation in the consultation process.

The awareness-raising programme consisted of several key activities:

- Proactively informing people about the ESHIA through formal and informal channels – regional and local media, Community Liaison Officers;
- Placement of the ESHIA documentation in public libraries and certain Administrations on Sakhalin Island (see Appendix 1);
- Placement of the ESHIA documentation on www.sakhalinenergy.com with an announcement that it is also available on CD ROM;
- Establishment of "toll-free" telephone number for callers outside Yuzhno-Sakhalinsk (calls made within Yuzhno-Sakhalinsk are free);
- Advising people how they can access a copy of the ESHIA in Russian or English;
- Advising people of the timetable for reviewing and commenting on the document;
- Advising people of the timetable for meetings for the consultation phase.

On 8 September 2003 the ESHIA was made public, both on Sakhalin Energy's public website (www.sakhalinenergy.com) and in public libraries on Sakhalin Island, together with a overview summary. The ESHIA is available in both Russian and English. In addition, the overview summary was made available in Japanese.

This was communicated to the communities and to the key stakeholders via various methods including local mass media.

Summary of Methods and activities for communicating with each group

Stakeholder group	Letter of advice	Copy of ESHIA	Active follow-up
Affected communities	Adverts in various news media	Via library	Yes – via Community Liaison Organisation (CLO) network & Social Monitoring Group
Mayors of affected communities	Letter	Provided	Yes – via CLO network

Stakeholder group	Letter of advice	Copy of ESHIA	Active follow-up
Heads of Settlements & Villages	Yes	Via library	Yes –via CLO network
Health professionals	Yes (letter or email)	As requested	Yes – via Health team
Sakhalin NGOs	Yes (letter or email)	As requested	Yes – via External Affairs (EA)
Regional NGOs	Yes (letter or email)	As requested	Yes – via External Affairs
International NGOs	Yes (letter or email)	As requested	Yes – via External Affairs
Media	Media release	As requested	Yes – via External Affairs
Local companies	Adverts in various news media	Via library	As requested
General community	Announcements in various media	Via library	As requested

Consultations

The objectives of the consultation phase were to:

- Discuss mitigation measures proposed by the Company for issues identified by communities in previous consultation and from the ESHIA;
- Create conditions that the measures being developed are adequate in addressing community concerns and meet community needs where possible and practicable;
- Manage community expectations of both positive and potentially negative impacts of the Project;
- Develop a model for future consultation activities.

The ESHIA consultation programme consisted of the following key activities:

- Face-to-face consultation with key stakeholders;
- Follow-up consultation as necessary due to issues raised;
- The provision of information regarding the consultation timetable and the closing time for comments on the ESHIA.

The Company's focus was on affected communities. Sakhalin Energy developed a programme of public meetings, both formal and informal, at which representatives of Company management / staff were available to answer questions about the Project, listen to concerns and explain aspects of the proposed activities. Representatives of the Sakhalin Administration and Contractors' representatives also participated in some of the public meetings.

The public meetings were held in each of the directly impacted administrative districts - Nogliki, Tymovsk, Smirnykh, Poronaisk, Makarov, Dolinsk, Yuzhno, Kholmsk, Aniva and Korsakov, as well as in some of the affected communities.

In total 22 communities were visited and over 1,200 people participated in the meetings.

See Appendix 2 for the ESHIA public meetings timing and location.

Public meetings were a combination of facilitated town-hall meetings with short presentations and question and answer session by company representatives on project issues of concern to the community in question. This was followed by informal discussion time with Company representatives for those who did not feel comfortable participating in larger meetings. This allowed members of the community to discuss issues of interest/concern with representatives of Sakhalin Energy's health, social and environmental teams.

Details of the consultation process and proposed meetings were made available through:

- The Community Liaison Organisation – announcements in public places;
- Regional and local media – starting 8 September and reoccurring every week;
- Correspondence to the various groups as listed in the table above.

Results

Tone of meetings

The tone of attendees varied from location to location, overall the consultation was judged useful by many participants. The company received positive feedback on its continuing efforts in the community and with the introduction and increased awareness of the Community Liaison Organisation it is hoped that people will have direct access to a member of the company to resolve any issues as they arise.

At some meetings the concern over employment and benefits to the Island made the meeting less positive during formal question time. In Yuzhno and Korsakov there were more questions on environmental issues from non-government organisations in the audience.

Common Themes

- Employment
- Use of revenue and benefits
- Gasification
- Social and community programs
- Compensation

Commonly Asked Questions

Below is the list of most commonly asked questions in each of the affected community.

1. How can I get a job with the Company and with the project?

2. Do I need to speak English to get a job?
3. How will the pipeline be constructed?
4. What benefits will Sakhalin Region and our district have from the Sakhalin II project?
5. Do you plan gasification of Sakhalin Island?
6. What social and community programs does the Company support?
7. How can I apply for sponsorship, a grant?
8. What compensations will be paid for allocated land?

A full record of the meetings and questions and answers session is contained in Appendix 3.

Unanswered questions and issues raised

Where possible these were followed up after the formal question time. Where a question remained unanswered Community Liaison Officers will seek to inform the individual of the answer to their question.

The company will continue to actively address the issues raised during consultation. The key issue and concern raised was employment. The company is taking active steps through the Community Liaison Organisation to ensure member of the community that would like to work maximise their chances to do so. Activities such as assistance with resume writing, placement of notice boards in communities with job adverts and open hours at community libraries are designed to assist people seeking employment. Additionally, the company is working with our contractors and Authorities to try and ensure local employment is maximised through notifying vacancies in advance and inviting contractors along to company events such as the recent public meetings. This work is ongoing.

Appendix 1

List of Communities Where ESHIA Was Placed

Settlement	District	Key project asset	Location
Okha	Okha	Pipeline	District Administration District Library
Val	Nogliki	Camp/laydown	Library
Nogliki	Nogliki	Camp, district centre	District Administration District Library
Katangli	Nogliki	Pipeline	Library
Nysh	Nogliki	Camp/laydown	Library
Molodeznoye	Tymovsk	Camp/laydown	Library
Argi-Pagi	Tymovsk	Pipeline	Library
Chir Unvd	Tymovsk	Pipeline	Library
Tymovskoye	Tymovsk	District centre	District Administration District Library
Voskhod	Tymovsk	Pipeline	Library
Kirovskoye	Tymovsk	Pipeline	Library
Voskresenovka	Tymovsk	Pipeline	Library
Ado-Tymovo	Tymovsk	Pipeline	Library
Krasnaya Tym	Tymovsk	Pipeline	Library
Podgornoye	Tymovsk	Pipeline	Library
Yasnoye/ Palevo	Tymovsk	Camp/laydown	Library
Onor	Smirnykh	Camp/laydown	Library
Buyukly	Smirnykh	Pipeline	Library
Roschino	Smirnykh	Pipeline	Library
Pobedino	Smirnykh	Pipeline	Library
Smirnykh	Smirnykh	District centre	District Administration District Library
Leonidovo	Poronaisk	Camp/laydown	Library
Poronaisk	Poronaisk	Camp, district centre	District Administration District Library
Gastello	Poronaisk	Booster station	Library
Porechye	Poronaisk	Pipeline	Library
Vakhrushev			Library
Novoye	Poronaisk	Pipeline	Library
Gornoye/ Tumanovo	Makarov	Camp/laydown	Library
Vostochny	Makarov	Pipeline	Library
Makarov	Makarov	District centre	District Administration District Library
Sokol	Dolinsk	Access roads/camp	Library
Sovetskoye	Dolinsk	Camp/laydown	Library
Dolinsk	Dolinsk	District centre	District Administration District Library
Vzmorye	Dolinsk	Pipeline	Library
Starodubskoye	Dolinsk	Pipeline	Library
Yuzhno	Yuzhno	Head office	Sakhalin Regional Library Yuzhno City Library Yuzhno City Administration
Korsakov	Korsakov	LNG/PET, camp, laydown, district centre	District Administration District Library
Solovyovka	Korsakov		Administration
Troitskoye	Aniva	Pipeline	Administration
Mitsulevka	Aniva	Camp/laydown	Library
Aniva	Aniva	District centre	District Administration

Settlement	District	Key project asset	Location
			District Library
Kholmsk	Kholmsk	Port access	District Administration District Library

Appendix 2

Timing and Location of the Consultation Meetings

Community	Population	Public meeting venue	Public meeting date	Attendance
Val	1,450	Centre for Culture	Nov 10 th	60
Nogliki	11,200	Centre for Culture	Nov 27 th	45 40
Nysh	710	Centre for Culture	Nov 11 th	28
Molodeznoye	-	Club	Nov 12 th	35
Tymovskoye	9,000	House of Culture	Nov 14 th	21
Yasnoye / Palevo	1,640	Club	Nov 14 th	49
Onor	1,874	Centre for Culture/Library	Nov 13 th	70
Pobedino / Roschino	1,959	Centre for Culture	Nov 13 th	155
Smirnykh	7,600	"October" cinema	Nov 13 th	185
Leonidovo	2,300	School	Nov 12 th	97
Poronaisk	20,600	School Centre for Education & Culture	Nov 6 th	38 87
Gastello	1,300	School	Nov 12 th	37
Gornoye / Tumanovo	277 / 25	Held in Porechye settlement Club	Nov 14 th	16
Vostochny / Pugachevo	300 / 107	Rail station/plant	Nov 14 th	26
Makarov	8,700	Administration	Nov 17 th	70
Sokol	5,000	House of Culture	Oct 4 th	7
Sovetskoye	791	School or House of Culture	Oct 2 nd	12
Dolinsk	13,800	House of Culture	Oct 2 nd	14
Yuzhno / Mitsulevka	179,200 / 208	Central library	Nov 3 rd	98
Korsakov	36,500	Centre for Culture	Nov 10 th	20
Aniva	8,600	House of Culture	Oct 4 th	6
Kholmisk	39,300	Central library	Oct 3 rd	11

Minutes of the Public Meetings